COMBATING COMMERCIAL CRIME

INTO THE NEW DECADE

Annual Report 2011

COMMERCIAL AFFAIRS DEPARTMENT

Our Mission

The mission of CAD is to safeguard Singapore's integrity as a world-class financial and commercial centre through vigilant and professional enforcement of the laws.

Our Shared Vision

Our vision is to be the premier commercial crime investigation agency that sets trailblazing standards and practices.

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"All said, Singapore is grateful for the CAD, and thankful to her hardworking officers, who work tirelessly to safeguard her own high reputation and also that of our country."

COMMISSIONER'S MESSAGE

The Commercial Affairs Department (CAD) stands sentinel over financial and commercial wrong-doing in Singapore. As Asia booms and great wealth gathers, the CAD finds her central role as the guardian of financial integrity an increasingly important one.

The CAD shares in the wider mission of the Singapore Police Force, and is fully committed to our vision of making this the safest place in the world and the best possible home for Singaporeans and residents.

Of course, CAD's task becomes more challenging by the day. Commercial criminals are, more often than not, using advanced technologies and methods, and the ubiquitous Internet, to break the law, to steal and to cheat.

Criminals, in particularly scammers and fraudsters, do not care about national boundaries. But police forces operate within borders, and have to abide by the laws of our respective jurisdictions. That as it may, CAD works closely and continually strengthens her partnership with regulators, policy makers, law-enforcement counterparts, both local and international.

Today, many of CAD's investigations are transnational in nature, involving the cross-border transfer of criminal proceeds and extra-territorial evidence gathering. Not surprising then, to find the CAD actively engaged with Interpol, the Financial Action Task Force and the Egmont Group, and fully plugged into an extensive network of international cooperation.

The integrity of commercial transactions is the base capital for trust in Singapore's economic system. Modern commerce is characterised by constant advancement, increasing sophistication and an unforgiving pace. To keep up requires that the CAD possesses, as organisational DNA, an accompanying adroitness and nimbleness, in both thought and action.

All said, Singapore is grateful for the CAD, and thankful to her hardworking officers, who work tirelessly to safeguard her own high reputation and also that of our country.

Ng Joo Hee
Commissioner
Singapore Police Force

"...CAD should persevere in her mission to ensure the vigilant and professional enforcement of the laws and remain adaptable to prevent, detect and deter financial crime in Singapore."

DIRECTOR'S REPORT

The Commercial Affairs Department (CAD) is Singapore's white collar crime enforcement specialist. Her mission is to protect the integrity of Singapore's financial markets and business environment. Together with the network of intelligence, regulatory, law enforcement and prosecution agencies, we play an important role in assuring the physical security and economic well-being of Singapore.

Evolving Challenges

The ability to commit crime from much further away has led to more commercial crimes with transnational elements. Asia's emerging economic power and rising regional affluence have attracted foreign commercial criminals to target Singaporeans and our regional neighbours in dubious investment and phone scams.

This trend is manifested in the increasing number of foreign requests for assistance to and from CAD through our Financial Intelligence Unit (FIU) and INTERPOL channels. The number of formal legal assistance requests is also on an upward trend. While such requests place considerable constraints on resources such as time and manpower, they remain a necessity.

We have also observed a faster pace in the introduction of new and complex financial products and value transfer instruments. This will need better understanding of the grey boundary between crime and innovative business schemes. CAD will need to not only harness traditional investigation expertise but also actively engage all stakeholders to determine the boundaries.

Another consequence of the trends outlined is that perpetrators and their associates have shifted from large unwieldy organised groups to smaller set-ups with informal links between them. Such informal organisational structures have also been used by terrorist cells in the region.

We will meet these challenges with a multi-pronged strategy that is in line with international best practices.

Meeting and Exceeding International Standards

We have already implemented a number of the recommendations given by Financial Action Task Force (FATF) assessors in its 2008 evaluation report of Singapore's Anti-Money Laundering/ Counter-Financing of Terrorism (AML/ CFT) regime.

In 2010, we made significant changes to our key anti-money laundering law, the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, or CDSA. These revisions enhanced the effectiveness of the CDSA in acting against third-party laundering and increased the number of predicate offences for money laundering. Another round of review is still ongoing. The revised Criminal Procedure Code, which came into effect early this year, allows law enforcement officers to order banks to monitor bank accounts.

On the regulatory front, the Monetary Authority of Singapore has tightened the AML/CFT requirements for conducting simplified customer due diligence.

We have also successfully implemented our AML/CFT framework for casinos in early 2010. This comprehensive framework, put in place almost two years ago, is benchmarked against FATF standards, and on par with regulatory standards of countries such as the United States and Australia.

Singapore's pre-emptive approach is another example of our determination to keep money laundering and terrorist financing off our shores. We will continue to work closely with the Casino Regulatory Authority to fine-tune this framework where appropriate.

Use of Financial and Traditional Intelligence

Internationally, there is increased recognition of the usefulness of financial intelligence in crime fighting and terrorism suppression. The FATF is revising its standards with the FIU as an integral part of the network of crime fighting and counter-terrorism agencies.

In Singapore, the suspicious transaction reporting regime has been effective in tackling crime. The use of such financial intelligence has helped investigators seize more than $54 million of suspected criminal proceeds in 2010.

Director-General Singapore Customs Visit 2010

Moving forward, we will continue to harness the value of financial intelligence from suspicious transaction reports, reports of cross border movements of cash and bearer negotiable instruments filed by travellers, senders, carriers and recipients and reports of large cash transactions filed by casinos and integrate them with the use of traditional intelligence.

Enhancing Cooperation with Domestic Agencies and the Public

Over the last year, CAD has investigated a number of cases that garner high public interest; involving non-profit organisations, innovative investment products and public listed companies. The department works under tight public scrutiny and shoulders a heavy responsibility to restore public confidence in socially-entrusted institutions, to ensure fair and just outcomes and to demarcate the grey boundary of crime and innovation. To this end, public crime prevention programmes and active engagement of strategic partners will grow in importance.

One of the programmes is regular media messages to the general public to spread the commercial crime prevention message. These programmes educate the public on fraud and scams with preventive measures that the public can take to protect themselves. The deterrence of such crimes requires the continued investment of efforts and resources.

There are also outreach and dialogue sessions to practitioners via industry regulators and associations. Our sessions leverage on existing training platforms of industry-wide groups for more efficient and effective use of resources.

Cooperation between government agencies and private sector partners has led to enhancements in our work processes and criminal legislation.

We will continue to build on the strongly-knitted network of domestic agencies as an imperative tool in combating new commercial crimes and new ways of committing existing crimes.

Continued Leverage on Technology

CAD will continue to leverage on technology to tackle crime and security threats. We expect further computerised linkages in our information technology systems between domestic agencies to speed up our work processes.

This year, we introduced a new function in the Suspicious Transaction Online Lodging System (STROLLS) to provide STROLLS users with the ability to see the real-time status of their suspicious transaction reports filed with STRO.

We have also launched an electronic cash transaction reporting system to receive cash transaction reports from casinos.

Closer International Cooperation

In dealing with transnational commercial crimes such as money laundering, CAD collaborates closely with foreign counterparts to achieve investigative successes.

Asia/Pacific Group on Money Laundering Annual Meeting 2010

In this reporting year, we concluded two more Memoranda of Understanding (MOU) with the FIUs of Argentina and Russia to share financial intelligence for combating terrorism financing, money laundering and related crimes.

We currently have MOUs with the FIUs of 15 jurisdictions and we are negotiating MOUs with a number of foreign FIUs. We also conducted a study visit to the Netherlands and discussed future areas of cooperation.

In addition, we have co-hosted with international organisations, a number of visits and workshops for our regional neighbours to raise standards of investigation and financial intelligence analysis in Singapore and the region.

Moving forward, it is imperative for us to nurture and maintain strong relationships with our international partners.

Another facet of CAD's international footprint is shown in our involvement in setting international standards of international organisations such as FATF. CAD has been actively contributing to the development of the revised FATF recommendations and would duly consider incorporating the finalised standards into our holistic crime prevention framework.

Appreciation

As of 1 July 2011, Mr. Tan Boon Gin will replace me as the Director of CAD. I would like to thank fellow domestic and foreign agencies, regulators, policy makers, international organisations and the public for your support throughout my time here.

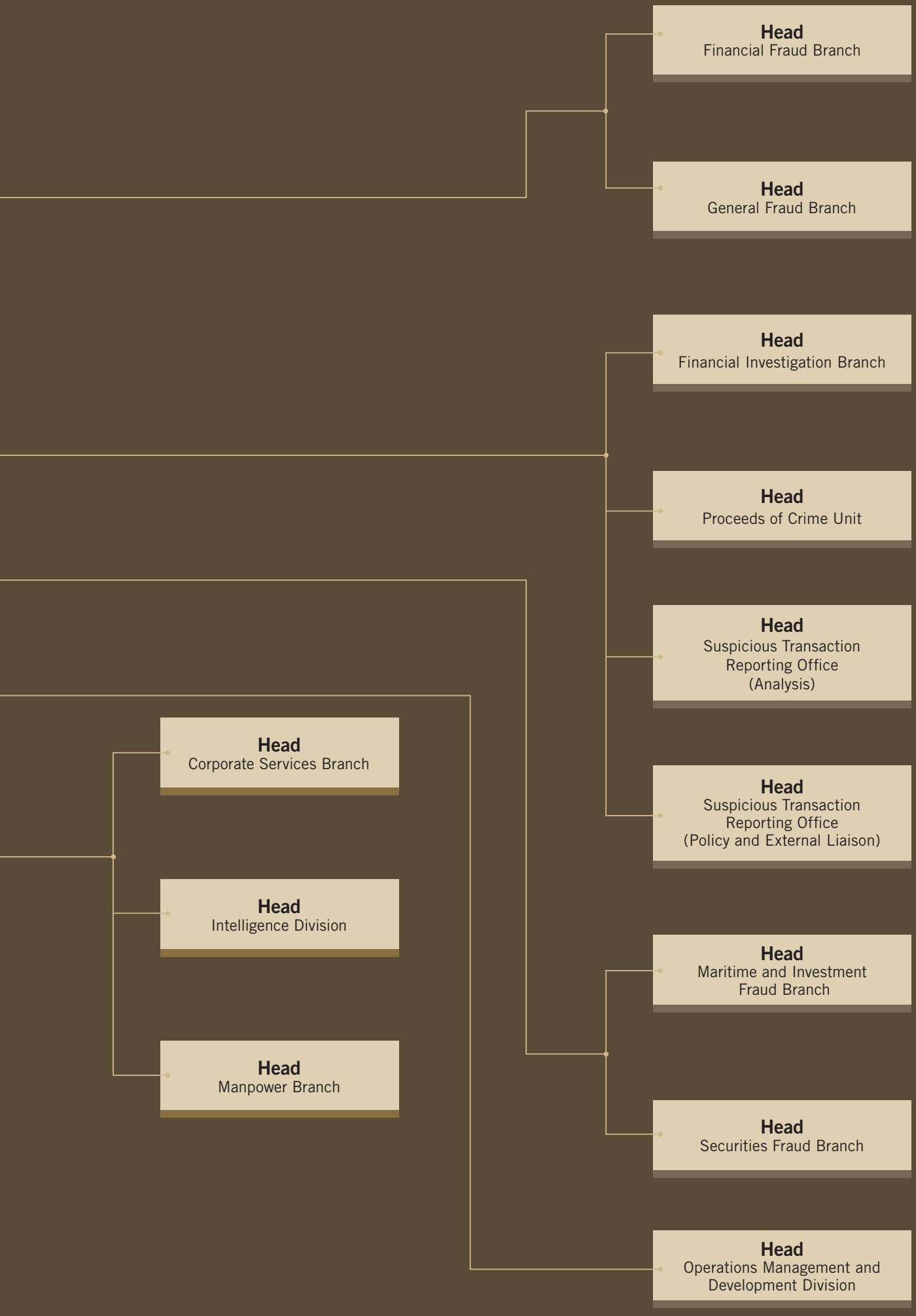
I have the utmost confidence that Mr. Tan Boon Gin will continue to work with you to ensure a vibrant and safe Singapore, and lead CAD to achieve greater heights in the new decade.

Thank you.

Ong Hian Sun
Director
Commercial Affairs Department

ORGANISATION STRUCTURE

As at 31 March 2011


Head
Financial Fraud Branch
Head
General Fraud Branch
Head
Financial Investigation Branch
Head
Proceeds of Crime Unit
Head
Suspicious Transaction Reporting Office (Analysis)
Head
Suspicious Transaction Reporting Office (Policy and External Liaison)
Head
Corporate Services Branch
Head
Intelligence Division
Head
Manpower Branch
Head
Maritime and Investment Fraud Branch
Head
Securities Fraud Branch
Head
Operations Management and Development Division

MANAGEMENT TEAM

1 **Ong Hian Sun**
Director

2 **Tan Boon Gin**
Director (Designate)

3 **Michael Scully**
Senior Deputy Director

4 **Seow Hwee Koon**
Deputy Director

5 **Ian Wong**
Assistant Director
Financial Investigation Division

6 **Lim Lu Ern**
Assistant Director
Strategic Planning, Training and Organisation Development Division

7 **Rachel Koo**
Assistant Director
Securities and Maritime Fraud Division

8 **Daniel Cheng**
Assistant Director
Operations Management and Development Division

9 **Cheung Siu Wing**
Assistant Director
Commercial Crime Division

MANAGEMENT TEAM

1 **Mak Kum Kay**
Head
Financial Fraud Branch

2 **Soloman Veramani**
Head
Proceeds of Crime Unit

3 **Triana Ridwen**
Head
General Fraud Branch

4 **Leong Kok Cheong**
Head
Suspicious Transaction Reporting Office (Analysis)

5 **Lim Kok Meng**
Head
Maritime and Investment Fraud Branch

6 **Chua Jia Leng**
Head
Suspicious Transaction Reporting Office (Policy and External Liaison)

7 **Patrick Khoo**
Head
Intelligence Division

8 **Tan Wee Kuan**
Head
Corporate Services Branch

9 **Chew Jingwei**
Head
Operations Management and Development Division

10 **Peh Chin Wah**
Head
Corporate Fraud Division

11 **Lee Wee Kiang**
Head
Securities Fraud Branch

12 **Ho Chin Chuan**
Head
Manpower Branch

Anti-Money Laun ing a
mbating the Finan
accountan
rting Office
Liaison)

EVENTS AND VISITS

In 2010, CAD engaged the general public and strategic partners in a concerted effort to raise awareness on commercial crimes and build stronger partnerships.

INTERNATIONAL EVENTS

Asia-Pacific Group on Money Laundering (APG) Annual Meeting 2010

Between 12 and 16 July 2010, Singapore successfully hosted the APG Annual Meeting 2010 at Suntec Singapore International Convention & Exhibition Centre. Director CAD, Mr Ong Hian Sun, was the co-chair for the meeting together with the Australian Federal Police Commissioner, Mr Tony Negus.

In the opening address of Mr K Shanmugam, then the Minister for Law and Second Minister for Home Affairs, he signalled Singapore's commitment to the fight against money laundering and terrorism financing.

Minister Shanmugam stated that a strong cohesive framework has allowed Singapore to take firm and quick action to enhance our anti-money laundering and counter-financing of terrorism (AML/CFT) regime. This includes increasing the number of money laundering predicate offences to 417 offences, tightening AML/CFT regulations, ratifying international conventions such as the United Nations Convention against Corruption and implementing United Nations Security Resolutions related to terrorist entities.

The Meeting also showcased the Asia Pacific region's growing AML/CFT capabilities.

To leverage on the expert knowledge of the regional delegates attending the APG Annual Meeting, a one day Anti-Money Laundering Seminar was held by the Association of Banks of Singapore on 12 July 2010. The Seminar was well attended by compliance officers from financial institutions, officers from law enforcement and financial intelligence units from the region.

ASEAN AML/CFT Workshop 2011

From 12 to 13 January 2011, CAD hosted the "ASEAN AML/CFT Workshop 2011: Combating Money Laundering and Terrorism Financing through Financial Intelligence".

The Workshop, which was sponsored by Japan through the Japan-ASEAN Integration Fund, was attended by enforcement, prosecution and financial intelligence unit officers from all 10 ASEAN countries. Speakers from Australia, Japan, Singapore and the United States and the participants shared best practices on money laundering and terrorism financing investigations, financial intelligence analysis, detection of cross-border movement of currency and bearer negotiable instruments, and international cooperation.

Memoranda of Understanding (MOU) with Foreign Financial Intelligence Units (FIUs)

22 June 2010

The Suspicious Transaction Reporting Office concluded an MOU with Argentina's FIU.

22 June 2010

The Suspicious Transaction Reporting Office concluded an MOU with Russia's FIU.

Regional Training Course

19 - 28 January 2011

CAD organised the International Economic Crime Course 2011 for domestic and foreign law enforcement officers.

Collaboration with Industry Partners

9 November 2010

The Financial Fraud Branch conducted a meeting with banks and freight forwarding companies on credit card transhipment scams.

15 October 2010 and 15 February 2011

The Financial Investigation Division and the Casino Regulatory Authority facilitated a series of workshops on casino-related activities organised by the Association of Banks.

25 March 2011

The Financial Investigation Division facilitated the panel discussion at the Association of Banks Counter Financing of Terrorism Seminar.

14 April 2011

The General Fraud Branch conducted an outreach session on phone scams operations and crime prevention tips.

Visits by Domestic Agencies

9 May 2010

CAD hosted a discussion with the Director-General Singapore Customs, Mr Fong Yong Kian and his management team.

3 June 2010

CAD hosted a visit by Supreme Court Judge, Justice Philip Pillai.

24 September 2010

CAD hosted a visit by the then Attorney-General (Designate), Mr Sundaresh Menon.

Visits by Foreign Agencies

7 May 2010

CAD hosted a visit by the Honourable James Tora, Minister for Home Affairs, Solomon Islands.

18 May 2010

CAD hosted a study visit by participants of the 42nd Senior Chinese Officials Delegation.

28 July 2010

CAD hosted a visit by officers of the National Police Academy, Japan.

30 November 2010

CAD hosted a visit by officers of the Indonesian National Police.

REPORT BY COMMERCIAL CRIME DIVISION

The Commercial Crime Division (CCD) comprises the Financial Fraud Branch (FFB) and the General Fraud Branch (GFB). FFB investigates organised and syndicated fraud involving counterfeit currencies and payment cards and GFB investigates fraudulent insurance claims and other complex cheating offences with a transnational dimension.

Swift Crackdown on Fraud Syndicates

2010 saw a fruitful year as CCD officers continued to crack down on fraud syndicates and prosecute persons involved in counterfeit credit cards, counterfeit currency notes, insurance fraud and other complex cases of fraud. The swift enforcement actions signal our resolve to safeguard Singapore's integrity as a world-class financial and commercial centre.

"... through close collaboration with the industry and sheer perseverance of the investigators. It resulted in the successful prosecutions in 2010 of more than 20 accused persons, including the masterminds and syndicate members, for cheating offences."

A significant case involved the counterfeiting of $50 Portrait Series currency notes. In early 2010, CCD received reports that counterfeit $50 Portrait Series currency notes were in circulation. Several victims had received the counterfeit notes in payment for goods and services rendered and had unwittingly circulated these notes to others.

By the time the matter was reported to CAD, the notes had passed through several hands. Tracing the originators was like looking for a needle in a haystack. Through protracted investigations, officers from the FFB apprehended and convicted the mastermind and all the syndicate members responsible for counterfeiting and distributing the notes.

GFB officers also had a busy year investigating syndicates involved in motor insurance fraud. These syndicates staged road traffic accidents and planted "phantom" passengers to inflate personal injury claims made against insurance companies in Singapore.

The cases were cracked through close collaboration with the industry and sheer perseverance of the investigators. It resulted in the successful prosecution in 2010 of more than 20 accused persons, including the masterminds and syndicate members, for cheating offences.

Leveraging on Strategic Alliances

Our partnership with foreign enforcement counterparts, international industry working groups, banks, insurance companies and remittance agencies yielded good exchanges of intelligence and knowledge on the industry. For example, information sharing with

industry partners on the latest modus operandi of perpetrators of motor insurance fraud with the insurance companies led to early detection and reporting of fraudulent insurance claims. This reduced losses and allowed CCD to nip the problem of motor insurance fraud early.

The close collaboration with the insurance industry also helped us gain pertinent knowledge on motor insurance. Such knowledge is instrumental in helping us identify the masterminds and in building a case to bring the perpetrators to justice.

"Information sharing with our industry partners on the latest modus operandi... led to early detection and... reduced losses."

Enhancing Crime-Fighting Capability

We recognise the importance of educating the public and enhancing the crime-fighting capability of our strategic partners as they are our "first-line of defence". GFB conducted an outreach programme to managerial staff of Singapore Post in May 2010 to share knowledge and skills to help them detect and intercept remittances by potential victims of phone scams.

During Police Work Plan Seminar held in April 2010, CAD officers also exhibited the Projectina Docubox Dragon to SPF officers and the public. This portable equipment has enhanced CAD crime-fighting capability as it allows CAD officers to conduct a more accurate and faster examination of forged documents during enforcement operations.

Moving Forward

In this complex and dynamic world, criminals will, with the aid of technology, resort to various means and tactics to commit crimes and to avoid detection. The fight against crime will remain challenging, if not made more difficult. Public expectation of our performance will increase.

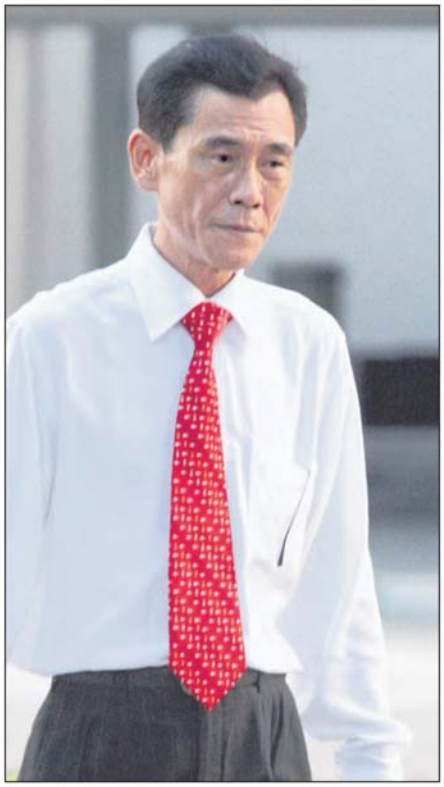
Though CCD has built a solid foundation over the years, we cannot afford to let our guard down. We will continue to stay vigilant in the fight against commercial crime and will continue to strengthen our crime-fighting capability and collaboration with our strategic partners in order to remain true and professional in conducting our duties.

Cheung Siu Wing
Assistant Director
Commercial Crime Division

HIGHLIGHTS OF CCD CASES

PP v Ong Ai Peng

THE STRAITS TIMES Thursday, 10 March 2011



Ong Ai Peng, 48, was jailed yesterday for two years and eight months. In total, he had cheated India International Insurance and NTUC Income of $181,563. ST PHOTO: WONG KWAI CHOW

Motor insurance fraudster jailed

Mastermind of scam recruited 'phantom passengers' to lodge false claims for accident injuries

BY ELENA CHONG
COURT CORRESPONDENT

JUSTICE has been served in the case of a man who claimed to have been a victim in motor accidents so he could cheat insurance firms into making payouts.

Not only that, Ong Ai Peng, 48, roped in several family members and their friends to lodge police reports to substantiate fraudulent insurance claims.

He was yesterday jailed for two years and eight months, but the sentence is to be backdated to the start of his remand last July, when he turned himself in after having been on the run for over a year.

All in, he cheated NTUC Income and India International Insurance of $181,563, although just over a third of this amount – $65,207 – was paid out over a five-year period from 2005. His lawyer Amarick Gill said Ong got only $35,000, at most, of the sum.

Ong, a former tow-truck driver, pleaded guilty last month to 10 of 31 charges. Another 21 were considered during sentencing.

Deputy Public Prosecutor Hon Yi had sought a stiff sentence to send a signal to the public that motor vehicle insurance fraud would not be tolerated.

The need to curtail this crime is necessary, he said, to prevent a steady rise in motor vehicle insurance premiums, which affects a large proportion of the public. Insurance companies have often cited fraud as justification for raising their premiums.

District Judge Kessler Soh agreed that, left unchecked, these scams would undermine the foundations of the country's compulsory motor insurance regime, which is ultimately based on good faith.

DPP Hon cast Ong as the "keystone" in the scam: He actively recruited accomplices to act as "phantom passengers", liaising with them to go through the medical check-ups and sign the necessary documents. He was supported in this by friends who clued him in to the accidents which presented openings for false claims, DPP Hon noted.

Such claims, based on accident injuries which are hard to prove but can be easily faked, are difficult for insurance companies to challenge. But in at least one instance in this case, NTUC Income challenged a claim on the basis of fact: It rejected the $11,063 claim by lawyers for Ong's brother Ai Wah, 47, who alleged he was injured while in a cab involved in a three-vehicle collision along the Pan-Island Expressway in November 2008. Witnesses said the taxi had two female passengers at the time.

The Commercial Affairs Department stepped in following India International Insurance's complaint

In January 2009, India International Insurance Pte Ltd reported that several personal injury claims relating to two road traffic accidents were suspected to be fraudulent.

The investigation resulted in the prosecution of the mastermind Ong Ai Peng and his accomplices. Investigation revealed that Ong was a tow truck driver deployed to traffic accident scenes. He approached accident victims and proposed a scheme to create "phantom" passengers as accident victims so as to make fraudulent insurance claims.

In one case on 19 February 2008, a road traffic accident occurred between a taxi and a car along Yishun Avenue Two. Ong conspired with the car driver and arranged for Ong's wife and two daughters to pose as passengers in the car. Ong also recruited his elder daughter's boyfriend, who then roped in three friends to pose as passengers on board the taxi, the other vehicle involved in the accident.

Ong then instigated the phantom passengers to seek medical attention in order to obtain medical leave certificates and medical receipts to support their fraudulent personal injury claims. Ong also instigated the car driver and one of the phantom passengers to lodge false road traffic accident reports at Chong Pang Neighbourhood Police Post to lend credence to their claims.

On 15 July 2008, another road traffic accident involving three taxis and a car occurred along Sembawang Road. Similarly, Ong masterminded fraudulent personal motor injury claims by recruiting individuals to pose as passengers in the vehicles involved. Ong promised to pay the phantom passengers a sum of money when the fraudulent personal motor injury claims were settled.

To ensure that the phantom passengers did not contradict each other, Ong coached them to tell the doctor during the medical consultation, that they were

passengers in a vehicle and had sustained injuries as a result of the accident. Ong collected the medical certificates and clinic receipts and submitted the claims through the solicitors.

Ong was implicated in 11 separate accidents. In April 2011, Ong Ai Peng was convicted and sentenced to 32 months' imprisonment for offences of cheating and providing false information to a public servant. Fifteen other accomplices in the fraudulent schemes were also sentenced to between 18 months of probation and four months of imprisonment.

PP v Anika Priyadharshini

A Singaporean property agent, who fraudulently applied for credit cards and line of credit facilities from several financial institutions, was charged with multiple counts of forgery for the purpose of cheating.

Anika Priyadharshini fraudulently used the personal particulars of a male friend together with the latter's Central Provident Fund statement of account to apply for credit cards and line of credit facilities from several financial institutions in Singapore in August 2009.

After securing these facilities, she forged her friend's signature and used the credit facilities to the tune of $72,000.

Anika was also investigated by Police for 58 counts of cheating and forgery offences. She had deceived several clients into believing that she was able to secure lower prices for Housing Development Board flats purportedly available for sale or rental.

She collected moneys from the clients, supposedly for payments relating to the sale or rental, but used them for her own expenses. Anika has been convicted and sentenced to 54 months' imprisonment.

PP v Narindran Sangara Banoi

THE STRAITS TIMES
Friday, 27 April 2011

Three jailed for using fake money

THREE men who used fake $50 notes as payment were jailed yesterday.

Narindran Sangara Banoi, 31, who is jobless, admitted to 15 out of 55 charges of passing off fake notes as genuine, and the counterfeiting of 31 fake $50 notes and 10 $10 notes.

He was given a total of eight years' jail.

In all, he produced 101 pieces of fake notes in various denominations, to the tune of $3,970. He did this in his Yishun home, using his colour printer.

A district court heard that he began scanning and printing Singapore currency in $2, $10 and $50 denominations between February and September last year, when he had money problems.

He told his friends, Jegathesan Subramaniam, 31, and Ramer Rethina Thevar Ramanathan, 42, as well as his relative Segar Ramiah, 37, about the fake notes, and passed some to them for their use.

Yesterday, Jegathesan, who admitted to two out of 10 counts involving the paying of taxi fares with the fake $50 bills, was sentenced to three years' jail.

Ramer was sentenced to two years and three months' jail. He had admitted to using fake $50 notes to pay for a $2 bar of chocolate and a $21 pair of sunglasses at two 7-Eleven outlets in Hougang on Aug 11 last year. A third charge was considered during his sentencing.

Segar's case has been fixed for a pre-trial conference.

Each of them could have been jailed up to 20 years and fined, on each charge.

ELENA CHONG

Narindran Sangara Banoi was charged a total of 55 counts of abetment by conspiracy to use as genuine forged or counterfeit currency notes and of possession of forged or counterfeit currency notes.

In February 2010, Narindran counterfeited $50 Portrait Series notes by scanning both sides of a genuine note and using a desktop printer to reproduce counterfeits with normal paper. He cut the counterfeited notes to size which he then used on various occasions to pay for taxi fares.

He became bolder as he continued with his counterfeiting of notes and he even passed some of the counterfeit notes to three other persons for their use. By September 2010, he counterfeited over 100 notes in $10 and $50 denominations.

The investigation officers from the CAD eventually identified Narindran to be the culprit and arrested him in September 2010.

Narindran was convicted on 15 counts of the charges and sentenced to imprisonment of eight years. The remaining charges were taken into consideration for the purpose of sentencing.

PP v Teresa Wong Chui Shueng

THE STRAITS TIMES Friday, 24 December 2010

Clinic cashier jailed for theft of over $111k

She doctored payment records of clients and pocketed the difference

By Khushwant Singh

FOR eight years, receptionist Teresa Wong Chui Sheung collected payments from the clients of well-known plastic surgeon Woffles Wu at his Camden Medical Centre clinic.

Little did anyone guess she was pocketing money on the side.

Yesterday, Wong, 49, was jailed one year and three months for committing criminal breach of trust (CBT) of $111,713 between March 2004 and October 2008.

When she pleaded guilty on Dec 9, the district court heard she had joined Woffles Wu Aesthetic & Laser Centre as a receptionist-cum-cashier in October 2000.

By around March 2004, she realised there was a loophole in the way the clinic did its accounts.

She had noticed the invoice booklets used by the clinic were bought from stationery shops. Each invoice was in triplicate. The white copy went to the client, the pink one was put in the client's patient file, and the blue copy was filed for audit purposes.

Wong bought similar booklets with the same serial numbers and started her spree of crime.

When clients paid with cash, she

Teresa Wong Chui Sheung was jailed 15 months for embezzling money from plastic surgeon Woffles Wu's clinic.

Mr Thirumurthy said she started misappropriating money only because she found it difficult to pay family expenses and the school fees of her son, who is now 14. The divorcee has an elder daughter who has returned to Hong Kong.

Arguing for a stiffer sentence, Deputy Public Prosecutor Adrian Ooi pointed out that no restitution has been made.

District Judge Jill Tan said the court was unable to ignore the large amount Wong had misappropriated, and how the offences took place over a long period. The jail term was backdated to Sept 21, the day she was remanded.

Wong, who had limped into the courtroom wearing a neck brace, grimaced when the sentence was announced.

Contacted by The Straits Times, Dr Wu said the whole episode had made him "very distressed and depressed".

When Dr Wu, who was a plastic surgeon in SGH, left in 2000 for private practice, he had hired Wong as he considered her one of the better workers. He said: "At my clinic, she would often stay on after everyone had left. I thought she was very hard working, but she was probably staying back to carry out her crime."

She was caught when a colleague noticed that the colour of the blue copy of an invoice did not match other blue copies.

Dr Wu said: "Teresa confessed and I gave her another chance but she went back to stealing from me after

Teresa Wong Chui Shueng was employed as a receptionist and cashier at Woffles Wu Aesthetic Surgery and Laser Centre since 2000. Wong was entrusted to manage the clinic's collection of payments from customers, as well as issuing of invoices.

Sometime in 2002, Wong and a patient of the clinic, Khoo Jing Jie Claudia conspired to pilfer daily takings of the clinic. Over a period of three years, Khoo and Wong pilfered daily takings by creating fictitious invoices to replace genuine ones. Wong claimed that Khoo instigated her to do so. She also claimed that Khoo bought a rubber stamp and invoice booklets identical to the ones used in the clinic, and taught her to create the fictitious invoices.

When Khoo passed away on 5 January 2008, Wong stopped pilfering from the clinic. However, it was not long before Wong encountered financial difficulties and decided to steal from the clinic again. She replaced the original invoices with fictitious ones and reduced the amounts received from the clients to pilfer the difference. On some occasions, Wong destroyed the original invoices to erase evidence of the payments made so that she could pilfer the full amount paid by the clients.

At the end of each working day, Wong covered her tracks by ensuring that the fictitious invoices and original invoices had identical serial numbers. She was confident that her criminal acts would never be uncovered.

Sometime in August 2008, the manager of the clinic grew suspicious after

discovering an invoice booklet, identical to the one used by the clinic, on Wong's desk. The manager made discrete markings on several of these invoices. Two days later, the manager noticed that Wong issued two of these marked invoices. Checks on recent invoices issued by Wong revealed that Wong had been misappropriating moneys from the clinic on a daily basis. A police report was lodged against Wong and she was arrested shortly thereafter.

The investigators sieved through the voluminous records to uncover fictitious invoices issued by Wong as far back as 2004.

On 24 August 2010, Wong was charged with six charges of criminal breach of trust as a servant for misappropriating a total of $111,713 between 16 March 2004 and 8 October 2008. On 23 December 2010, Wong was convicted and sentenced to 15 months' imprisonment.

PP v Marc Jason De Souza

A Bar Supervisor was charged with 187 counts of cheating and cheating by personation for fraudulently using credit cards belonging to other persons.

Between April and July 2010, while working in several bars in the Orchard Road tourist-belt, Marc Jason De Souza misappropriated the credit cards of several customers who had inadvertently left their credit cards in the pubs. De Souza used these credit cards to pay for his expenses like food and taxi-rides. De Souza also copied the credit card details of several other customers which he then used to purchase electronic products over the internet. He subsequently sold the electronic products to various persons for cash. His fraudulent transactions totalled $66,322.

Marc Jason De Souza has been convicted and sentenced to 39 months' imprisonment.

THE STRAITS TIMES Wednesday, 9 February 2011

Mastermind behind insurance racket jailed

THE mastermind of a conspiracy to claim nearly $96,000 in compensation for fake traffic accidents was yesterday jailed for two years and three months on seven charges.

Phang Choon Meng, 38, was also disqualified from driving for three years because he had driven rashly to stage an accident.

Six accomplices have been dealt with – all of them receiving jail terms of between two and six months.

A similar case involving Ong Ai Peng, 48, the brains behind a second group making fraudulent personal accident insurance claims, will be heard next Tuesday.

The court heard that Phang's friends at car repair workshops would refer accident victims to him for help in filing their insurance claims.

He would do so but would also coach accomplices to pretend they had been inside the car, so they could fool doctors and obtain medical certificates for fake injuries.

The personal-injury claims supported by the medical certificates were then submitted to NTUC Income, Tokio Marine and AXA insurance agencies through law firms.

On one occasion in 2008, Phang even staged an accident. An acquaintance, Lim Boon Wee, 31, had complained to Phang about a big dent on his car that he could not afford to repair.

On Dec 17 that year, Phang slammed the brakes while driving the car. The lorry directly behind was unable to stop in time and crashed into the rear of the vehicle.

In the accident report, Lim claimed to have been the driver. Two other accomplices were roped in to pretend to be passengers who were also injured.

However, discrepancies in the number of injured passengers in the accounts of the drivers of the other vehicles involved in the accidents emerged – and the fraud was discovered.

After Phang was dealt with for cheating yesterday, he was produced in the Traffic Court and fined $28,800 for 48 parking offences committed since 2006. If unable to pay the fine, he will have to serve 96 additional days in jail.

For attempting to cheat the insurance firms, he could be jailed for up to 2½ years and fined for each charge.

KHUSHWANT SINGH

Phang was behind a scam to falsify accident claims.

PP v Phang Choon Meng

In April 2009, NTUC Income Insurance Cooperative Limited reported that it had received five personal injury claims which it suspected to be fraudulent. The insurance company's suspicions were aroused because the lorry driver involved in the road traffic accident between a car and his lorry had claimed

that there were only two persons in the car at the time of the accident.

The CAD investigation exposed an insurance scam masterminded by Phang Choon Meng. Investigation revealed that several months before the traffic accident, the car owner Kevin Lim Boon Wee told his friends Ng Yang Kheng Raymond and Phang about a large dent on his car's front bumper. Ng and Phang suggested staging a traffic accident using Lim's car so that he could make a claim on insurance. Lim agreed to this plan and gave his car to Ng and Phang several days before 17 December 2008.

On 17 December 2008, Phang, driving Lim's car, demonstrated to Ng how an accident could be staged. Phang filtered from the centre lane to the left lane of the Ayer Rajah Expressway so as to exit into Clementi Avenue Two. He suddenly stepped on the vehicle's brake, bringing the car to a halt and causing a lorry approaching from behind to collide onto the rear of the car.

After the accident, Lim lodged a traffic accident report on Phang's direction. Although Phang was the driver, Lim reported that he was the vehicle driver at the time of the accident. He reported that Ng, Phang, and two others namely Mohd Sharin Bin Sulaiman and Teo Wee Leng, were passengers in the car.

Phang and his four accomplices consulted doctors and feigned their injuries. They submitted their medical certificates through their solicitors for their personal motor injury claims. Their claims were made against NTUC Income, the insurer for the lorry, which collided into the rear of Lim's car along the Ayer Rajah Expressway.

The investigation implicated Phang in five separate accidents. On 22 December 2010, Lim, Mohd Sharin, Teo and Ng were convicted and sentenced to between two and six months' imprisonment for cheating.

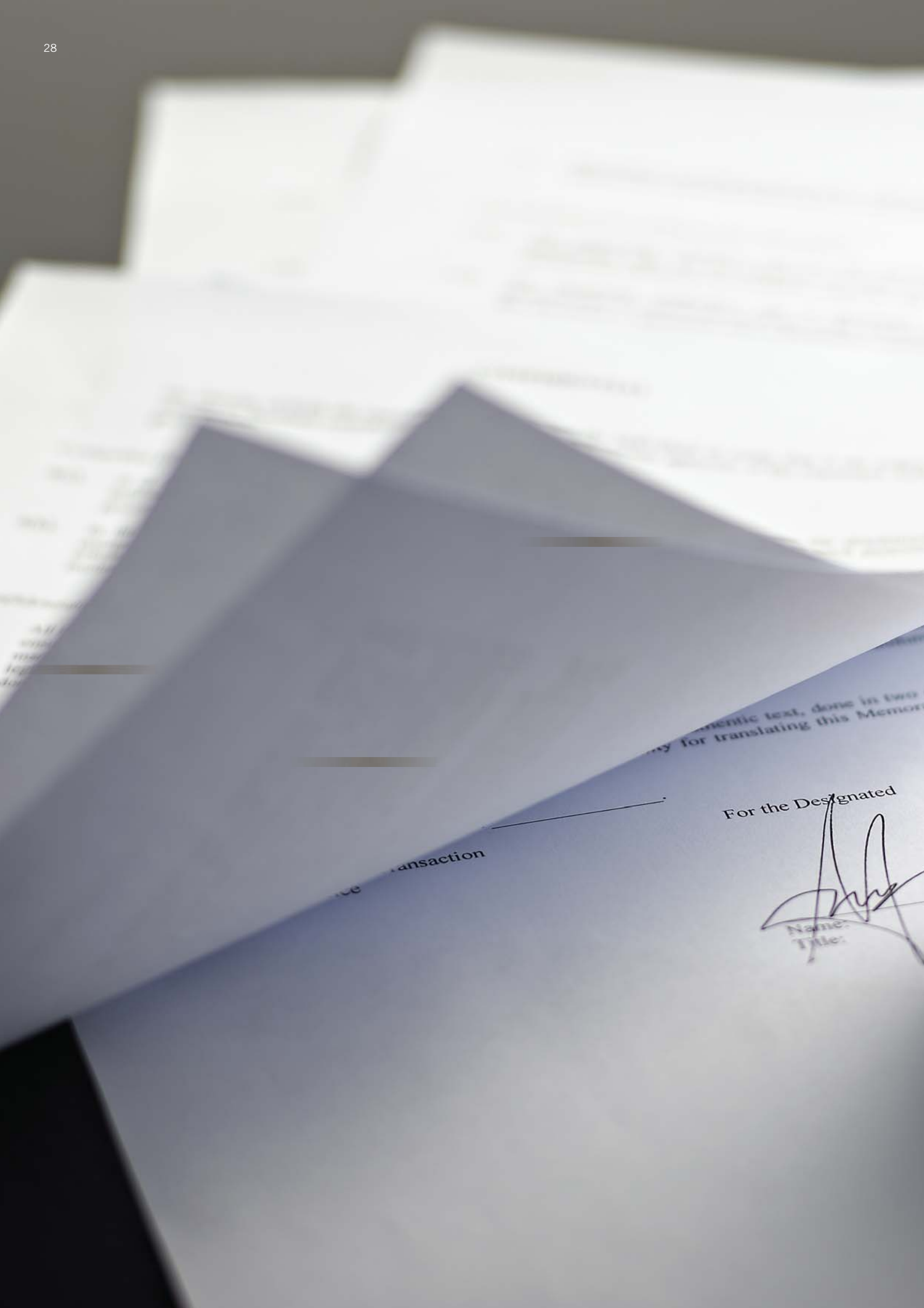
On 8 February 2011, Phang was convicted and sentenced to 27 months' imprisonment for cheating offences and for reckless driving pertaining to the act of staging a road accident. Three other accomplices in the insurance scams were sentenced to between two and six months' imprisonment.

PP v Andy Soh Wei Keong and Toh Xie Guang

Two Singaporeans were charged a total of 38 counts of offences involving conspiring to steal, cheat and convert benefits of criminal conduct.

In July 2010, Andy Soh Wei Keong, who was then working as a postal officer with SingPost Ltd, conspired with his accomplice Toh Xie Guang to steal credit cards for their fraudulent use. Soh discreetly kept envelopes containing credit cards he came across while sorting mail for delivery. He passed the stolen credit cards to his accomplice Toh, who then made fraudulent purchases with the cards. He purchased 10 Rolex watches costing $110,000 using the stolen cards. Soh and Toh were arrested in November 2010 and February 2011 respectively for the offences.

Toh and Soh have been convicted and sentenced to 26 months and 33 months imprisonment respectively.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REPORT BY CORPORATE FRAUD DIVISION

The Corporate Fraud Division (CFD) specialises in the investigation of commercial crime perpetrated by directors and officers of private limited companies and public companies listed on the Singapore Exchange. It is also responsible for investigating criminal offences committed by lawyers and accountants in their official capacities.

Importance of Corporate Governance

In today's business environment, there is a stronger call and demand for corporations and organisations to adhere to higher ethical standards and to adopt good corporate governance practices in running their businesses.

For example, the Singapore Exchange released a consultation paper in January 2010 to seek the public's views and feedback on the implementation of new measures to strengthen the corporate governance framework of public listed companies in Singapore.

cultivate a positive culture on integrity and ethics within the organisation.

Besides having a board of directors which adopt good corporate governance practices, studies have shown that effective internal controls play an important role in detecting and preventing fraud. A corporation or organisation with strong corporate governance and effective internal controls tends to have an environment that is more robust in preventing fraud.

"A corporation or organisation with strong corporate governance and effective internal controls tends to have an environment that is more robust in preventing fraud."

Widely reported cases such as JEL Corporation (Holdings) Limited, which involved the complicity of company directors in the falsification of invoices, inflation of profits and non-disclosure of interested party transactions, dent public confidence in the level of corporate governance of companies.

It is thus important that the top management observes high ethical standards at all times and set the appropriate "tone from the top" to

However, technological advancement and changes in the business processes and systems invariably create new opportunities for potential criminals, who are quick to exploit any vulnerability in the internal controls. What worked best for a company in the past might be obsolete and ineffective today.

Hence, effective corporate governance encompasses a continuous review of the internal controls, ensuring that the controls stay relevant and effective.

"In recent years, we have seen the introduction of portable devices such as tablets and the rise in popularity of the social media. They have significantly changed the way we do things."

Moving Forward

The past one year had been a busy one for CFD. Nevertheless, CFD has always strived towards completing all investigations and inquiries expeditiously. This can be seen from the swift conclusion of the investigation on the fraud perpetrated on the Singapore Land Authority. Despite the scale of the fraudulent transactions, the investigation was largely completed within a month, with the full support of officers from the Proceeds of Crime Unit who handled the recovery of the criminal proceeds.

In recent years, we have seen the introduction of portable devices such as tablets and the rise in popularity of the social media. They have significantly changed the way we do things. We have to familiarise ourselves with these new developments so as to better equip ourselves in the fight against commercial crimes.

With the support from a group of dedicated officers, I am confident that CFD will overcome and triumph in the face of challenges.

Peh Chin Wah
Head
Corporate Fraud Division

HIGHLIGHTS OF CFD CASES

PP v Lee Liang Seng and Chew Lan Nooi

Lee Liang Seng, the former General Manager and Director of Cyklop Packaging Singapore Pte Ltd, misappropriated a total of $794,358.16 from the company a supplier of tools, machinery and raw materials to the packaging industry, to settle his gambling debts.

Lee wanted to obtain loans from the company to settle his gambling debts but he knew that it would not be approved by the Board of Directors. Out of desperation, he devised a plan to siphon money from the company's bank account.

For his scheme to work, Lee needed the assistance of Chew Lan Nooi, the then accountant of the company. Both Lee and Chew were the authorised signatories for the company's bank account.

Lee asked Chew to issue cheques to him and recorded the payments as "advances to director" in the books. Before the end of the financial year, Chew was instructed by Lee to falsify the accounts so that unauthorised loans taken by Lee are reflected as payments to suppliers. This is done to prevent the Board of Directors from discovering that Lee had taken unauthorised loans from the company. Eventually, when Chew refused to assist Lee further in the crime, Lee forged her signature on the company's cheques to pay more money to himself.

Separately, Lee instructed Chew to make payments to a company for debts that he had incurred in his personal capacity. Chew signed on the cheques even though she knew that Cyklop Packaging Singapore does not owe the company any money.

In August 2008, Chew confessed to the Board of Directors that she facilitated the criminal wrongdoings of Lee. CAD's investigation uncovered the fraud that was perpetrated by Lee from April 2007 to August 2008.

On 22 June 2010, Chew pleaded guilty to one count of abetting Lee to commit criminal breach of trust and four counts of abetting Lee to falsify the accounts. The remaining 19 charges were taken into consideration for the purpose of sentencing. Chew was sentenced to a total of ten months' imprisonment.

On 27 July 2010, Lee was sentenced to a total of 60 months' imprisonment after he pleaded guilty to 10 counts of criminal breach of trust by agent, falsification of accounts, cheating and forgery. Another 48 charges were taken into consideration for the purpose of sentencing.

PP v Ng Kai Siang Albert

Ng Kai Siang Albert was the owner of A & L Services which provides book keeping and secretarial services.

In January 1999, a fire that broke out in the office of A & L Services destroyed the much of the accounting records held by Ng on behalf of his clients. To get round the problem of submitting his clients' accounts to a certified public accountant for audit, Ng falsified the statements of accounts of these companies. He also forged the signature of Wong Mun Piaw, a certified public accountant, on the "audited statement of accounts", to give the impression that the statement of accounts had been audited by a certified public accountant.

Between 1999 and 2006, Ng submitted 102 falsified annual returns to the Accounting and Corporate Regulatory Authority (ACRA), falsely stating that a certified public accountant had carried out the audits for the companies.

Between 2000 and 2004, Ng also deceived six of his clients into believing that Wong, a certified public accountant, had audited their companies' accounts although such audits had not been conducted. Ng's deception resulted in his clients paying him audit fees totalling $23,700.

On 24 March 2011, Ng pleaded guilty to three counts of cheating, one count of forgery for the purpose of cheating and 10 counts of submitting false statements to ACRA. Another 100 charges were taken into consideration for the purpose of sentencing. Ng was sentenced to a total of 10 months' imprisonment and fined $55,000.

CHART 3 TOP 10 PLANNING AREAS
BY SIZE OF RESIDENT P
AGED 65 YEARS AND
JUNE 2009
Number ('000)
Bukit Merah

REPORT BY FINANCIAL INVESTIGATION DIVISION

The Financial Investigation Division (FID) is the main authority for the enforcement of Singapore's Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) regime. FID is made up of the Financial Investigation Branch (FIB), the Proceeds of Crime Unit (PCU) and the Suspicious Transaction Reporting Office (STRO).

Evolving Landscape

The intensifying pace of globalisation has extended the boundaries of money laundering and terrorism financing activities. Money laundering in Singapore is not confined only to proceeds of crime generated from domestic offences. It can also involve ill-gotten gains arising from offences committed overseas.

This has ultimately resulted in an increase in the quantity and quality of financial intelligence that we receive. Such financial intelligence gathered is very useful as it enhances our ability to detect money laundering, terrorism financing and related criminal activity. In 2010 alone, the use of financial intelligence has helped investigators seize more than $54 million of suspected criminal proceeds.

"There has been very strong synergy in having the FIU as part of the FID in combating the money launderers and terrorism financiers. STRO will seek to leverage on this formula of success to support other enforcement units in tackling other crimes in Singapore."

We are seeing an increasing number of money laundering cases that involve elements of transnational crime, and you will find some of these cases in the "Highlights of FID Cases" section.

In 2010, FID's efforts to enhance its ability to detect, deter and investigate domestic and transnational money laundering and terrorism financing were centred in the three main areas described below.

Enhancing and Leveraging on Financial Intelligence

STRO, the Financial Intelligence Unit (FIU) of Singapore, has intensified its close cooperation with stakeholders from the private sector to further strengthen the Suspicious Transaction Reporting regime.

Indeed, there has been very strong synergy in having the FIU as part of the FID in combating money launderers and terrorism financiers.

STRO will seek to leverage on this formula of success to support other enforcement units in tackling other crimes in Singapore.

Besides its obvious importance in domestic investigations, financial intelligence is also very useful for foreign investigations, particularly those involving transnational crime. We have entered into agreements with our foreign counterparts to share financial intelligence, and have in fact obtained valuable information through this channel for our investigations.

Strengthening International Cooperation

International cooperation is a key prong of Singapore's total AML/CFT strategy – we need strong and effective international cooperation in order to deal with transnational crime.

For this reason, we have in place a legal framework for the provision of a wide range of assistance, as well as dedicated resources to ensure that deserving requests for assistance are attended to without unnecessary delay.

"... we have in place a legal framework for the provision of a wide range of assistance, as well as dedicated resources to ensure that deserving requests for assistance are attended to without unnecessary delay."

This benefits us in two ways: Firstly, it strengthens our ability to pursue and recover proceeds of crime from domestic offences, even if they are remitted overseas.

Secondly, it deters foreign criminals from laundering their ill-gotten gains in Singapore since we have the ability to act on the requests of foreign countries, in cases of money laundering in Singapore.

In 2010, FID continued to provide invaluable assistance to our foreign counterparts in fighting transnational crime. Indeed, a number of foreign investigations were successfully concluded in part due to the assistance we rendered.

We also received strong cooperation from our foreign counterparts, including the provision of their law enforcement officials to attend court in Singapore as prosecution witnesses. Our domestic investigations/ prosecutions were thus successfully concluded, thereby underscoring the importance of international cooperation in achieving win-win outcomes.

In addition, STRO concluded two more Memoranda of Understanding (MOUs) with our foreign counterparts to facilitate mutual cooperation and information exchange. This has brought the total number of our concluded MOUs to 15.

A number of prospective MOUs are already at a very advanced stage of negotiations, and we expect more MOUs to be concluded in the near future.

Deterring and Detecting Money Laundering in the Casinos

Prior to the operationalisation of Singapore's two casinos in February and April last year, FID embarked on an intensive anti-money laundering outreach programme to raise AML/CFT awareness in this sector.

We have been working very closely with the Casino Regulatory Authority (CRA) to establish robust AML/CFT measures to deter domestic and foreign criminals from viewing Singapore's casinos as a conduit to launder criminal proceeds. The fruits of our efforts have been encouraging as the casinos filed a high number of Suspicious Transaction Reports (STRs) and Cash Transaction Reports last year.

It is to be noted that STRs are not allegations of crime, but indications of suspicious activity. Accordingly, a high number of STRs is seen as positive both domestically and by the international community as it shows that the casinos are vigilant and dutifully implementing AML/CFT measures.

Nevertheless, the STRs have provided a wealth of financial intelligence in combating crimes associated with the casino industry sector. As a result, a number of criminal activities have been successfully detected and investigated, and this has in turn helped to deter would-be launderers and other criminals from abusing our casinos.

Given the vulnerability of the casinos to money laundering, FID will remain focused on developing and enhancing our ability to deter, detect and combat money laundering activity in this sector.

We continue to see value in enriching financial intelligence information for the purpose of detecting criminal activity. We will also continue to work closely with CRA as well as the casinos to strengthen the implementation of our AML/CFT regime.

The Challenges Ahead: More Robust AML/CFT Measures

The Financial Action Task Force (FATF) is currently reviewing its 40 Recommendations and nine Special Recommendations, with the intention of raising the current international standards on AML/CFT measures.

"We have observed an emerging international consensus that a heightening of FATF standards is needed to intensify the global fight against money laundering and terrorism financing, and lead to more effective, and more robust law enforcement."

A sizable portion of the review is centred around Recommendations that would have significant impact on the FIU and law enforcement.

FID, as the main law enforcement authority on AML/CFT matters, has been involved in shaping the discussion at the FATF on these issues.

We have observed an emerging international consensus that a heightening of FATF standards is needed to intensify the global fight against money laundering and terrorism financing, and lead to more effective and more robust law enforcement.

FID welcomes the commitment of the international community to raise AML/CFT standards, notwithstanding that we (and the other members of the law enforcement community) will have to raise our own enforcement of AML/CFT regime to meet the proposed new standards.

Although Singapore fared very well during its last FATF Evaluation three years ago, we cannot afford to rest on our laurels given that we will be assessed vis-à-vis an enhanced set of standards at the next round of FATF evaluations, which is expected to commence in the late 2013.

Moving Forward

With the impending raising of the FATF standards and the changes in the operating landscape, the road ahead is indeed challenging. In the face of these mounting challenges, it is crucial for FID to put in determined and sustained efforts to upgrade the skills of our officers and increase our effectiveness. This would ensure that FID is well-equipped to maintain a robust AML/CFT regime in Singapore, and safeguard the integrity of Singapore as a world-class financial centre.

Ian Wong
Assistant Director
Financial Investigation Division

HIGHLIGHTS OF FID CASES

PP v Kamari Kenyada Charlton

THE STRAITS TIMES Thursday, 2 December 2010

US businessman accused of money laundering

BY ELENA CHONG

AMERICAN businessman Kamari Kenyada Charlton, who is accused of overstaying, was yesterday slapped with 21 charges of money laundering.

The 37-year-old, who was charged earlier with conspiracy to cheat an Australian retiree in a mobile phone scam, also saw this charge amended to one of money laundering.

In total, he was accused of laundering about $324,000 between July 2008 and April this year. The amended and fresh charges were tendered against him at a pre-trial conference.

Charlton, who is currently remanded at Changi Prison, appeared via video-link.

The former Florida State University football player allegedly acquired cash amounting to $321,063 and A$3,000 (S$3,800), having reasonable grounds to believe that it accrued from another person's criminal conduct.

The cash amounts in the charges ranged from $4,769 to $58,288.

Charlton, represented by Mr Hamidul Haq and Mr Thong Chee Kun, was arrested on Sept 1 while trying to leave Singapore. He was charged the next day with overstaying for 169 days after his three-month social visit pass expired on March 15.

If convicted of overstaying, he can be jailed for up to six months and given at least six strokes of the cane.

Under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, the maximum penalty for each money-laundering offence is a fine of $500,000 and a jail term of seven years.

The next pre-trial conference is scheduled for Dec 15.

The Australian authorities informed CAD that several victims in Australia were deceived into sending money to Kamari Kenyada Charlton, an American residing in Singapore.

Investigations revealed that over a period of two years, several elderly Australians of Croatian and Serbian descent and one victim in Germany had been deceived into remitting over $330,000 to Charlton.

The victims received phone calls from a woman (who spoke Croatian or Serbian), claiming to be a representative of the Croatian embassy in Singapore.

The woman told the victims that their family or friends were in urgent need of funds, because they were either hospitalised or stranded in Singapore and they needed money to apply for their travel visas.

Under her directions, the victims remitted money to various destinations. The woman used Singapore registered mobile phones to make the calls. Some of these phone numbers were registered in Charlton's name.

The scheme featured a high degree of sophistication and planning. The task of identifying the culprits and securing the evidence for a prosecution and conviction was challenging because the victims have never met the woman caller and Charlton, who were the ultimate recipients of the funds.

The close cooperation between the CAD and the Australian Federal Police led to the successful prosecution of Charlton.

Charlton was convicted of one count of overstaying in Singapore and 21 counts of dishonestly receiving stolen property. He pleaded guilty to the charges and was sentenced to 16 months' imprisonment.

PP v Jeanette Ang

THE STRAITS TIMES
Friday, 27 April 2011

Woman loses appeal over money laundering

By Selina Lum

A WOMAN found guilty of money laundering has lost an appeal against her conviction and nine-month jail sentence.

High Court judge Justice V.K. Rajah said the decision would send a "clear signal" that such offenders will be dealt with severely.

Jeanette Ang, who runs a gift shop, sent five payments totalling more than $2 million in a month to a stranger in the United States.

The 52-year-old, who is married with two children, did so after receiving an overseas call from her brother in June 2008, asking for her help.

He told her that a certain "Mike" would call her and she was to follow his instructions on how to receive the money and then remit it overseas.

That month, she complied with the five "assignments" she was given, moving sums of between $69,360 and $580,606 a day.

Her offences turned out to be part of a global money laundering bid.

During her trial, an agent with the US Federal Bureau of Investigation detailed how a few individuals carried out a banking scam and then moved the proceeds of their crimes to disguise the origins of the money.

In April last year, Ang was convicted by a district court of five charges under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act.

She appealed against her conviction and sentence.

In September, her lawyers argued that the prosecution needed to produce a certificate from the US government to prove the money handled by her was tainted by criminal conduct.

Delivering his judgment yesterday, Justice Rajah said that even without a

In July 2008, the FID commenced investigation against Jeanette Ang for a money laundering offence. Investigation revealed that Jeanette Ang collected approximately $2.08 million from two Singaporean account holders and remitted the funds to a Michael Walter in Indonesia.

It was subsequently discovered that the funds were criminal proceeds and the Singaporeans were money mules who received stolen funds related to a bank fraud in the United States (US). Jeanette Ang acted upon the instructions of Walter and assisted him to transfer the criminal proceeds out of Singapore.

In May 2010, Ang was convicted and sentenced to nine months' imprisonment for assisting another to retain benefits of criminal conduct, an offence under Section 44(1)(a) of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (CDSA). She appealed against both the conviction and the sentence.

The crux of the appeal against the conviction pertains to the construction of Section 44(1)(a) of the CDSA and in particular whether, in order to prove a charge under the said section, the Prosecution must establish that the moneys involved were in fact the benefits of criminal conduct.

As the predicate offence occurred overseas, the Defence argued that the Prosecution was required to produce a certificate issued by or on behalf of the US government in order to prove that there was criminal conduct which tainted the moneys handled by Jeanette Ang.

Judge of Appeal Justice V K Rajah ruled on 26 April 2011 that the Prosecution had adduced ample evidence that convincingly showed that the perpetrators of the bank fraud dishonestly removed the funds from the possession of the rightful US bank account holders.

Such evidence included a Federal Bureau of Investigation agent's oral testimony on the results of his team's investigation in the US (such as the names of individuals arrested and the fact that those who had been arrested were convicted in the US for conspiracy to commit bank fraud), as well as the bank records produced by the Singapore banks showing the transfer of moneys from US bank accounts to the Singapore bank accounts.

Justice V K Rajah also ruled that given the suspicious circumstances in which the moneys were handled, it would have been abundantly clear to Ang, as well as to any reasonable observer, that the moneys were tainted by some predicate improper criminal conduct from which they had been derived.

Ang's appeal was then dismissed.

PP v Han Yufei

THE STRAITS TIMES Friday, 22 April 2011

Trio's ruse: Scans of passports used to buy SIM cards

One fixed up China source of passport copies; other 2 resold phone cards bought in scam

By Khushwant Singh

THREE men were involved in a ruse that illegally used hundreds of scanned Chinese passports to buy SIM cards, a court heard yesterday.

Feng Min and Han Yufei then resold them – earning a commission of $3 per card from Singapore's three mobile phone operators.

They had been introduced to the Chinese contact for the passports by Shi Yonggang, 33.

Shi was fined $10,600 yesterday. On Wednesday, Feng, 31, was fined $11,600, while Han, 32, was fined $26,000 and jailed for six weeks.

Since November 2005, anyone buying a SIM card has been required to provide identification.

Han was blacklisted from selling prepaid cards in December 2006 by the mobile service providers for registering them using his friends' and family members' documents, a district court heard.

A year later, Han, a Singaporean originally from China, got Feng, a Chinese national and permanent resident, to set up a company called POP Telecom.

It had three outlets – two in Clementi and the other in Desker Road. Feng managed two stores on a monthly salary of $2,500, while Han was the owner of the business.

Shi, a Chinese national here on a social visit pass, was the one who linked Han to the source that provided the scanned passport copies from China.

These scanned documents were then used to buy prepaid SIM cards from distributors. The court heard that Han had arranged to receive 100 to 200 copies of scanned passports via e-mail each week.

Each copy could be used to pre-register up to 10 prepaid SIM cards. To avoid suspicion, Han would

The FID commenced investigations in January 2010 against Han Yufei after receiving information that he was using altered foreign passports to "pre-register" prepaid SIM cards which were then offered for sale to the public.

Han was the owner or the operator of several businesses involved in the retailing of prepaid SIM cards and other telecommunications products and services.

Investigation revealed that between April 2009 and January 2010, Han conspired with Feng Min, a Singapore Permanent Resident, and Shi Yonggang, a Chinese national, in this fraudulent scheme.

Feng had allowed his name to be used by Han to set up a sole proprietorship named POP Telecom, which enabled Han to obtain telecommunication devices and accounts necessary for the registration of SIM cards.

Shi assisted Han to acquire scanned copies of Chinese passports to "pre-register" SIM cards. During the raid on POP Telecom, about 5,000 copies of scanned images of Chinese passports were seized.

Since 1 November 2005, as part of an ongoing and holistic security review by the Government, mobile service providers are required by law to record the personal details of individuals buying pre-paid SIM cards.

Only original identity documents, such as identity cards, work permits and passports should be accepted when registering the SIM cards.

In this case, the pre-paid SIM cards were registered using the particulars of individuals who are not the ultimate purchasers, which was a circumvention of the regulatory regime.

Han was also entitled to the payment of registration incentives by the various mobile service providers. Han had thereby dishonestly induced the mobile service providers to give him the registration incentives, and they would not have done so if they knew that the particulars used to register the SIM cards were not that of genuine buyers.

Han was convicted of cheating and sentenced to a total of six weeks' imprisonment and a fine of $26,000. Feng and Shi were also convicted of cheating and sentenced to fines totalling $11,600 and $10,600, respectively.

PP v Charon Legaspi Dimpas and Others

THE STRAITS TIMES Thursday, 11 January 2011

2 jailed for submitting fake payslips

Spotting of forgery uncovers scam to secure credit cards

By Khushwant Singh

ONE check by a diligent bank worker was all it took to uncover a $760,000 scam. The sharp-eyed officer suspected that a payslip submitted by a credit card applicant was not the real McCoy.

The hunch was correct – the applicant's annual salary had been inflated to meet the $60,000 needed to get a Standard Chartered Bank (Stanchart) card.

And that turned out to be just the tip of the iceberg.

Investigations revealed that a whole team at telemarketing firm Touch & Tech were allegedly involved, as well as a large number of applicants.

They are said to have forged payslips and employment contracts so the applicants would qualify for cards and loans – thereby earning extra commission for the marketing firm.

Yesterday, a direct sales agent and an applicant, both Filipinos, were jailed after pleading guilty to conspiring to use fake payslips and employment letters.

Charon Legaspi Dimpas, 26, was sentenced to three years and nine months imprisonment while Maria Theresa Arena Garcia, 39, got six months.

Stanchart had engaged Touch & Tech to market its credit cards, a district court heard. As the firm's direct sales agent, Dimpas had submitted fake documents for 96 applicants from June to November 2009, earning $8,474 in commission.

She would make cold calls to prospective applicants from Touch & Tech's office in Middle Road, but many did not meet the bank's criteria. Her team manager Abdul Karim Baba, a Singaporean, is alleged to have then encouraged her to inflate the monthly income of applicants.

It meant the firm earned more in commission and bonuses from the bank as these were based on the number of successful applications.

Dimpas also submitted false letters for extension of employment because applicants needed a minimum of one year remaining on their employment passes.

Garcia was an administrative operations executive with an employment agency in 2009, earning $2,600 a month.

On the fake payslip, this was inflated to $5,180. She also used fake documents to apply for a loan.

Another applicant, Mark Robert Fajilan Landicho, also a Filipino, is alleged to have referred applicants to Dimpas after getting his own application for credit facilities from the bank approved using fake documents.

Landicho posted an advertisement on Filipino website www.pinoysg.com promising readers that he could help them get Stanchart loans and credit cards even if they were "low wage earners".

Most of the applicants worked as hospital or clinic staff, or in the administrative or accounting sectors.

The court heard that Stanchart had lent nearly $760,000 to the 96 applicants.

For providing false documents to the bank, both women could have been jailed for up to 10 years and fined up to $10,000. Seven accomplices have been charged. They are Abdul Karim, Landicho, three other agents and two applicants. These cases have not been heard.

khush@sph.com.sg

Touch & Tech Pte Ltd, a tele-marketing company, was engaged by Standard Chartered Bank to market its unsecured loans to prospective clients. Touch & Tech employed a total of 12 foreign nationals based in Singapore as direct sales agents.

Unknown to the bank, Touch & Tech's sales agents assisted various individuals to obtain unsecured loans with accompanying credit cards even though they were not eligible.

They did so by falsifying the applicants' pay slips so that their annual incomes would appear to meet the minimum income requirement set by Standard Chartered Bank.

In some instances, the culprits also forged letters of extension for employment because loan applicants who are foreigners must have a minimum validity of one-year on their employment passes to qualify for the loans.

By the time the matter was reported to the Police, eight of the agents had already fled the country.

Sales agents Charon Legaspi Dimpas and Hazel Thea Puyaoan Vicente were arrested in the premises of Touch & Touch during the police raid.

Jaime Jr Prudente Labergue, who attempted to abscond after being alerted by an accomplice, was arrested at Woodlands Checkpoint later the same day.

Investigations showed that Dimpas, Vicente and Labergue cheated Standard Chartered Bank into disbursing unsecured loans totalling $1,672,400 to 174 applicants, although they did not qualify for the loans.

Investigation also revealed that one of the applicants of the credit facilities, namely Mark Robert Fajilan Landicho, assisted in soliciting prospective clients by advertising on pinoysg.com, a Singapore-based web portal.

Despite knowing that the payslips would have to be forged so that the low income earners could qualify for the credit facilities, Landicho continued to send genuine payslips of prospective loan applicants via email to his accomplices for the documents to be forged. He earned $75 each from 30 applicants who were successful in their applications for bank loans.

One applicant of the unsecured loans, Maria Theresa Arenas Garcia, submitted forged payslips and deceived Standard Chartered Bank into disbursing a loan of $10,500. Garcia also submitted a bogus letter of extension for employment to support her application.

The accused persons were sentenced to various terms of imprisonment – Dimpas (45 months), Labergue (33 months), Landicho (18 months), Garcia (six months) and Vicente (18 months, reduced from the original 27 months, upon her appeal to the High Court).

PP v Kim Wooyeong

THE STRAITS TIMES — Wednesday, 10 November 2010

Fined for not declaring $7m casino winnings

South Korean caught with two bags stuffed with cash at airport

BY KHUSHWANT SINGH

CARRYING two bags stuffed with $7 million in cash winnings from the Marina Bay Sands (MBS) casino, a 28-year-old South Korean was stopped at the airport and arrested for failing to declare the amount he was taking out of Singapore.

Kim Wooyeong was yesterday fined $30,000 for trying to cart what is believed to be the largest amount over the border on Aug 24.

By law, anyone moving $30,000 or more (or the equivalent in a foreign currency) must submit a report at a checkpoint. Failure to do this could mean a fine of up to $50,000 and/or up to three years in jail.

As police investigations have since revealed that Kim was carrying the money to Macau at his uncle's request following a good run at the gaming tables, the cash seized by the police is to be returned to him.

A district court heard that aviation security officer Eugene Lim, 35, stationed at the Budget Terminal in Changi Airport, became suspicious when an X-ray screening machine showed Kim's bags to be packed with wads of paper.

A check was carried out and officers found a total of $7.027 million in them.

Police investigations revealed that Kim, who holds a Philippine employment pass, had been helping his uncle Park Dong Choel, an agent for casino patrons in Macau, to look after these clients.

Kim told police that his uncle and his friends had gambled at MBS, after which his uncle arranged for him to carry the winnings home.

Court documents state that MBS executive Terry Kim Taesoo, 28, told Kim that he needed a certificate from the casino cashier declaring the money to be the proceeds of gambling so he could leave the country with it.

MBS senior executive Shin Jung Whoan, 31, arranged for Kim to receive a transaction slip, but did not explain to Kim that this was not a substitute document for the certificate.

Under the impression that the transaction slip was all he needed to take the money out, Kim did not wait for the certificate.

Pleading for a light sentence for his client, defence counsel Kesavan Nair reminded the court that the money was not the proceeds from any crime.

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Court documents state that an MBS executive had told Kim that he needed a certificate from the casino cashier declaring the money to be the proceeds of gambling so he could leave the country with it. A senior executive arranged for Kim to receive a transaction slip, but did not explain to Kim that this was not a substitute document for the certificate.

Kim, who was fined $30,000 yesterday, was stopped at Changi Airport's Budget Terminal in August after an X-ray screening machine showed his two bags to be packed with wads of paper. ST PHOTO: WONG KWAI CHOW

Kim Wooyeong was carrying two bags stuffed with $7 million cash, winnings from gambling at Marina Bay Sands casino, when he was stopped at the airport.

He was moving more than $30,000 out of Singapore and he had failed to submit a declaration report at the checkpoint. Kim was arrested for the offence.

Kim was tasked by his uncle to bring the cash winnings to Macau. While he was withdrawing the cash winnings at Marina Bay Sands casino, he was advised by the casino's staff to make a declaration of the cash at the airport but he did not heed the advice. For this offence, Kim would be liable on conviction, to a fine not exceeding $50,000 or to imprisonment for a term not exceeding three years or to both.

On 9 November 2010, Kim was convicted and fined $30,000 for his failure to submit a report on the movements of cash or bearer negotiable instruments out of Singapore under Section 48C (1) of the Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act.

PP v Ghassan Saimua

Ghassan Saimua, a British citizen of Lebanese origin, was tasked by his friend to incorporate two companies in the British Virgin Islands and to open four bank accounts in Singapore for these companies.

The two companies are International Relations Services Incorporation Limited and Foreign Operations Services Incorporation Limited.

After opening the bank accounts, Saimua gave the online Personal Identification Numbers (PIN) and banking security tokens to his friend, who then operated the bank accounts from overseas. Saimua received US$20,000 for his work.

Investigation revealed that these accounts were used to receive proceeds of crime. Several clients of the European Organisation for the Safety of Air Navigation (Eurocontrol), based in Belgium, received emails from someone who claimed to be staff of Eurocontrol.

They were asked to make certain payments into the four accounts in Singapore belonging to International Relations Services and Foreign Operations Services.

Rizon Group Holdings Qatar W.L.L. was one of Eurocontrol's clients who received such emails from the perpetrator and they paid a total of €10,796.12 into two of the accounts. However, Eurocontrol did not send these emails.

Saimua was prosecuted and sentenced to eight months' imprisonment for assisting another to retain benefits of criminal conduct, under Section 44(1)(a) of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act.

PP v Serene Yeo Jia Hui and Liong Zhen Wei

Serene Yeo Jia Hui was a senior relationship manager with DBS Bank Limited and her job included financial planning and sales of investment and insurance products.

On or around 19 October 2009, Yeo accessed the bank's computer records for information regarding a DBS customer without authorisation. She did so upon the instigation of her boyfriend, Liong Zhen Wei. She passed the contact details and address of the customer to Liong.

Subsequently, she accessed the banks records again for information regarding two related bank accounts with significant account balances, intending to sell investment products to the account holders.

On 8 April 2011, Yeo pleaded guilty to three counts of offences under the Computer Misuse Act for accessing without authority confidential information in a protected computer.

On 20 April 2011, Yeo was sentenced to a fine of $23,000 for two of the charges. The third charge was taken into consideration for the purpose of sentencing.

Liong pleaded guilty to the offence of abetment. He was sentenced to a fine of $35,000, in default three months' imprisonment.

HELP> for explanation.
Historical Beta
Local CCY
Relative Index FSSTI Index
Range 06/12/09 - 06/03/11
Period Weekly
Lag 0
Last Price
Non-Parametric
Beta +/-
Linear
Y = SINGAPORE AIRLINES LTD
X = FTSE STRAITS TIMES INDEX
Item Value
Raw BETA 0.542
Adj BETA 0.695
ALPHA(Intercept) -0.041
R^2(Correlation^2) 0.200
R(Correlation) 0.447
Std Dev Of Error 2.243
Std Error Of ALPHA 0.223
Std Error Of BETA 0.108
t-Test 5.024
Significance 0.000
Last T-Value 0.129
Last P-Value 0.551
Number Of Points 103
Last Observation
Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
SN 321190
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REPORT BY SECURITIES AND MARITIME FRAUD DIVISION

The Securities and Maritime Fraud Division (SMFD) comprises the Securities Fraud Branch (SFB) and the Maritime and Investment Fraud Branch (MIFB). SFB investigates all criminal offences under the Securities & Futures Act, which is the main legislation governing the local securities and futures industry. MIFB investigates maritime, investment and financing-related fraud.

The Year in Review

This year, the long running saga involving listed company Airocean Group Limited drew closer to a conclusion.

In December 2005, we had commenced investigation into the circumstances surrounding the release of information by listed company Airocean Group Limited regarding a Corrupt Practices Investigation Bureau (CPIB) investigation involving Airocean's Chief Executive Officer Thomas Tay Nguen Chong.

In 2009, non-executive chairman and independent director Ong Chow Hong was convicted of breaching his director's duties in approving the said announcement without having knowledge of the contents. The other three directors of the company, namely Chief Operating Officer Johnson Chong Keng Ban and independent directors Peter Madhavan and Ong Seow Yong, were also charged in court for various offences under the SFA.

"We view such abuse of position by financial institution staff seriously and will pursue all such cases vigorously."

There was suspicion that the company had failed to make timely disclosure of Thomas Tay's involvement in the CPIB investigation. It was also suspected that when the company broke its silence on this matter, the announcement made had given false information about Thomas Tay's involvement in the investigation.

For his involvement in Airocean's disclosure breaches, as well as his own dissemination of false information, Thomas Tay was convicted of market misconduct offences under the Securities and Futures Act (SFA).

All three claimed trial and the lengthy hearing concluded late last year. In January 2011, they were convicted of all charges against them. Notably, Peter Madhavan was handed an imprisonment term for his role in the release of the false announcement by Airocean. The matter is now in the appeal stage and we await with interest the High Court's definitive ruling on the matter.

Several other cases in court also concluded this past 12 months, quite a few of them involving staff of financial institutions abusing their positions.

In the first such case that we have encountered in recent years, Capital Markets Services Representative licence holder Wong Cui Ling and her close friend Fan Ying Kit were convicted of front running the orders of institutional clients.

It can be seen from these real life examples that investment scams can vary greatly in shape and size. Many persons who fall prey to such scams lament that they had invested as the returns were very attractive, and they had seen their friends receive the returns as promised.

"It is incumbent on every investor intending to part with hard earned mones to try to fully understand the nature of the potential investment and the risk involved."

Two brothers, Chua Kok Wan and Chua Yeow Wan, both bank executives, were prosecuted for trading whilst in possession of inside information about companies obtained in the course of their work. Soh Tze Kuan, fund manager at ING Investment Management Asia Pacific (Singapore) Ltd, was convicted of conspiring with Loo Kiah Heng to defraud his client, the Singapore Anti-Tuberculosis Association. We view such abuse of position by financial institution staff seriously and will pursue all such cases vigorously.

Caveat Emptor: Buyer Beware

We also note that many people continue to fall prey to investment scams. Three such scams are described in the next few pages, including the one operated by Sunshine Empire Pte Ltd.

The fact is that it cannot be assumed that just because others had received their returns, the investment opportunity is genuine. It is common for fraudulent schemes to initially make good the promised returns in order to entice more people. Those that enter the game later are at great risk of getting their fingers burnt.

It is incumbent on every investor intending to part with hard earned mones to try to fully understand the nature of the potential investment and the risk involved. Usually, there is a correlation between the returns and the risk involved - the higher the promised return, the riskier the investment and the higher the chances of the investor losing his entire investment.

Investigation and prosecution may eventually bring the fraudster to justice, but very often this may be of little solace to the victims, as the investment moneys may already have been squandered by the fraudster.

Rachel Koo
Assistant Director
Securities and Maritime Fraud Division

HIGHLIGHTS OF SMFD CASES

PP v Teo Tieow Leong and Others

THE NEW PAPER Sunday, 21 December 2008

S'pore investors in UK land buying scheme may

LOSE ALL

Housewife (right) with cancer and brain tumour wants her money back after firm shuts down

REPORT: TAY SHI'AN
shian@sph.com.sg

SHE said she was promised returns of more than 500 per cent if she invested $31,000 in a plot of land in the UK.

Thinking she had a chance to make some money, the Singapore woman put down a deposit and signed a contract.

The woman, who is a cancer patient, said she had hoped to repay her husband's kindness and pay him back the savings he had poured into her treatment.

But the $3,100 deposit she put down has now allegedly disappeared, along with the real estate company UK Prime Land that once operated from an office in Parkway Parade.

The couple are also stuck with $2,000 in legal costs they incurred while trying to pull out of the deal.

It is not known how many other investors also put money into the scheme. What is clear is that many are likely to suffer a total loss.

A companies search revealed that UK Prime Land's sole shareholder is a Vietnamese national with no Singapore address listed.

Its registered office at Albert Street is nothing but a service that offers premises and secretarial support for hire.

Police reports

When contacted by The New Paper on Sunday, police spokesman Stanley Norbert said police have received reports against the company and are looking into the matter.

The couple requested not to be named, as most of their family members do not know about the case.

But they hope their story will alert other Singaporeans.

Said Mrs Tham (not her real name), 34, a housewife: "I don't know why I believed them. I've never gone for such things before.

"That day, I thought if I really got $200,000, I can do a lot of things... considering, you know, my condition, my sickness."

Mrs Tham is suffering from stage four breast cancer, a brain tumour and epilepsy.

She had hoped to gain back more than $200,000 in one year, as promised by the company.

Mrs Tham had to quit her sales job last year when her cancer got worse.

The couple now depend on her husband's $3,000 monthly salary.

She said: "Almost every month, I have to take medicine and see doctors. If I have my own money, I can pay my husband back."

Mrs Tham said she received a call in October from UK Prime Land saying she had won a 40 sq m plot of land in Dundee, UK, as part of a lucky draw, and that she had to go to its office to claim the prize.

She said: "I didn't take part in any lucky draw, so I was suspicious. But she said it's free, just go down and get the land title deed(), no need to pay anything."

So she went to the company's office at Parkway Parade a week later.

It was a professional-looking outfit, with wooden floors, the company's logo stamped on all their stationery, and more than 10 staff in office wear.

Mrs Tham said she was ushered into a room, where a man congratulated her and showed her photos of the plot of land she had "won".

He then allegedly started to persuade her to invest $31,000 in a second plot of UK land.

Mrs Tham claimed that when she said she wasn't interested, he kept repeating his sales pitch, and got a female supervisor to join in.

Said Mrs Tham: "The lady kept saying, if you invest just $31,000, after one year, you can get back more than $200,000."

Mrs Tham claimed she was shown several contracts signed by others and was told that the available land was going fast.

She was also allegedly told she could just put down a 10 per cent deposit of $3,100, and if her relatives didn't approve of the investment, she would get a refund.

Mrs Tham claimed she was subjected to the high-pressure sales tactics for about two hours. Worn down, she finally agreed to pay the deposit and sign the contract.

It included the line that the deposit is "refundable in case of hers disapproval of next of kin" (sic).

Mrs Tham admitted she didn't read the contract before signing.

She said: "The words are so small, so many, who has the patience to read everything."

When she got home and showed the contract to her husband, he felt something was wrong.

Said Mr Tham, 35, a service engineer: "The sum and the investment period are all not there in the contract."

There was no mention of the $200,000 returns, or even a guarantee on the $31,000 principal.

He got Mrs Tham to seek a refund of the deposit from UK Prime Land office the next day but the company allegedly refused.

Worried that his wife may be liable to pay the rest of the $31,000, Mr Tham sought a lawyer's help to ask for a refund, and to declare the contract null and void.

Again, the company allegedly refused, so the couple filed a suit against them.

The company did not turn up in court on the hearing date, and Mr and Mrs Tham got a judgement against them in their absence for the $3,100, plus costs.

When the company still did not pay, Mr Tham went to its Parkway Parade office early this month. That's when he realised the office was empty.

Nearby tenants told The New Paper on Sunday that the office has been closed for about a month.

All calls to the land lines went unanswered, and a handphone number given to Mrs Tham is no longer in service.

The serviced office operator at Albert Street claimed he knows nothing about the daily workings of the company.

He said his main role was to help do the paperwork when the company was set up in the middle of last year.

He claimed he did not know anything was amiss until last month, when the police came to the door asking him questions.

He said he has also since filed a police report against UK Prime Land.

"Almost every month, I have to take medicine and see doctors. If I have my own money, I can pay my husband back."
– Mrs Tham (right), on why she invested in a $31,000 land buying scheme

"The words are so small, so many, who has the patience to read everything?"
– Mrs Tham on not reading the contract before signing

"The sum and the investment period are all not there in the contract."
– Service engineer Mr Tham on the contract (above). There was no mention of the $200,000 returns, or a guarantee on the $31,000 principal.

STRESSFUL: Mrs Tham and some of her medication. She has stage 4 breast cancer, a brain tumour and epilepsy.

MISSING: (Left) The vacated office of UK Prime Land at Parkway Parade. (Below) Mr Tham with the "certificate of purchase" for the $31,000 investment in the plot of land in the UK, and the lawyer's letter sent to UK Prime Land.

TNP PICTURES: TAY SHI'AN

UK Primeland Pte Ltd held itself out to be a landbanking company. Cold calls were first made to randomly selected persons to tell them that they had won a 40 sqm plot of land in the United Kingdom.

Those lured by this into meeting UK Primeland staff were told that they had a "once in a lifetime" investment opportunity to buy plots of UK land at $31,000 apiece. They were told that when permission was obtained to develop the land, its value would increase and the owners would be able to sell their plots for huge profits.

The reality was that the land sold by UK Primeland was a figment of the imagination. Documents supposedly issued by the UK authorities and shown to investors were forgeries. The masterminds planned the scam meticulously. They adopted fictitious names when dealing with staff, business associates and customers. When they decided to end the charade, they removed all traces of the business operations from the rented office premises. They then seemingly vanished into thin air, leaving behind 41 investors who had paid a total of $1,148,528 between January 2008 and October 2009.

However, the investigation eventually established the masterminds to be Teo Tieow Leong, Poong Kim Fee and Xu Fang. Each of them was charged with 74 counts of cheating. Xu faced an additional 24 charges for conspiring to conceal benefits from their criminal conduct. They were convicted on all charges after a lengthy trial. Teo has been sentenced to 84 months' imprisonment, Xu to 105 months and Poong to 69 months.

PP v Franco Giuseppe

THE NEW PAPER Tuesday, 27 April 2010

$280k fine for buying shares to boost price

By Khushwant Singh

A COMPANY, Permasteelisa Pacific Holdings (PPH), wanted to issue new shares at 40 cents each to pay for the acquisition of another firm.

But to prevent then-listed PPH's share price from dipping below 40 cents, its chief financial officer Franco Giuseppe was allegedly instructed by his bosses to buy PPH shares on 40 occasions between March and August 2004.

He bought more than 1.35 million shares using the accounts of associated companies. It is understood that if PPH's share price had fallen below 40 cents, the company would have had to issue more shares for the purchase.

Yesterday, the Italian national was fined $40,000 each on three counts of insider trading, and fined an additional $80,000 each on two counts of market rigging. A total of 15 similar charges were taken into consideration by District Judge Kessler Soh when passing sentence.

Giuseppe, 45, who is a permanent resident, had pleaded guilty in February. Asking the court to impose only a fine, defence counsel Shashi Nathan of Inca Law pointed out that his client did not make a cent from the transactions, and that Giuseppe merely did as he was told by his bosses.

But the lawyer did admit that this was no excuse, as the former CFO should have known better.

Giuseppe allegedly acted on the instructions of his bosses in Italy.

The court had heard from the prosecutor that in early 2004, PPH planned to acquire the Asian division of the Josef Gartner (JG) construction business for $44 million. This was to be funded by the issuance of 110 million new PPH shares at 40 cents each.

Both PPH and JG were subsidiaries of the Permasteelisa S.P.A. (PSPA) group. To prevent PPH's share price from falling below 40 cents, Mr Enzo Pavan, PPH's chief executive, and Mr Giampiero Alessandrini, JG's general manager, are said to have instructed Giuseppe to buy PPH shares in 2004.

Mr Nathan said the two men in Italy were the "directing force", while his client, who operated from Hong Kong, was only a "conduit".

The court also heard that while the two alleged accomplices had refused to come here to assist in the investigations, Giuseppe, who is now working for PSPA in another capacity, had cooperated fully with the Commercial Affairs Department.

He had also offered to pay the prosecution's costs of $31,200 and this has been accepted by the prosecution.

To Mr Nathan's contention that the amount of shares transacted in the offences constituted only a minute proportion of the total number of PPH shares, Deputy Public Prosecutor Hon Yi pointed out it was a thinly traded counter and needed only a relatively small number of shares to affect its price.

PPH was delisted from the Singapore stock exchange in June 2008.

The penalty for insider trading and market rigging is a fine of up to $250,000 and/or a jail term of up to seven years.

In 2004, then listed company Permasteelisa Pacific Holdings Ltd was working on acquiring the Asian division of Josef Gartner GmbH. The acquisition was to be a friendly one as both Permasteelisa Pacific and Josef Gartner were subsidiaries of Permasteelisa S.p.A, then listed on the Milan Stock Exchange. The purchase consideration was to be satisfied by the issuance of 110 million new Permasteelisa Pacific shares at an issue price of $0.40 each.

Italian national Franco Giuseppe had been the Group Treasurer of Permasteelisa Pacific's ultimate holding company Permasteelisa S.p.A. since December 2001 and the Chief Financial Officer of Permasteelisa Pacific from 29 June 2004.

Between 2 March and 15 September 2004, Giuseppe bought Permasteelisa Pacific shares for Permasteelisa International B.V. and Aurich Developments Ltd. Permasteelisa International was the immediate holding company of Permasteelisa Pacific, while Aurich Developments was a British Virgin Islands-registered company with no direct equity link to Permasteelisa Pacific, Permasteelisa International or Permasteelisa S.p.A. The trades were intended to raise and then maintain the price of Permasteelisa Pacific shares at certain levels. Giuseppe was charged for these manipulative trades.

Giuseppe had become aware of the impending acquisition in late April 2004. On 18 of the days that the manipulative trades were conducted, Giuseppe was in possession of confidential price-sensitive information concerning the acquisition. He was therefore also prosecuted for insider trading. Giuseppe pleaded guilty to three counts of insider trading and two counts of market rigging and was fined $280,000. Another 15 insider trading charges were taken into consideration for the purposes of sentencing. At the time of printing, the prosecution's appeal against sentence is pending.

PP v Wong Cui Ling and Fan Ying Kit

Between 31 March and 30 April 2008, Wong Cui Ling, then an Equities Electronic Execution Officer with UBS Securities Pte Ltd, passed information regarding the orders of institutional clients to her close friend Fan Ying Kit.

Fan then used this information to trade ahead of the clients. Once the initial positions were taken, Fan would enter orders in the opposite direction to close them off. Most of these orders were matched by Wong's orders for her institutional clients. All these personal trades were conducted through the trading accounts of Wong's mother, and reaped Wong and Fan gains of $21,487.65 in just one month.

Such practice by a stockbroker of executing his personal trades while in possession of knowledge of pending orders from customers, better known as front running, is prohibited.

Wong and Fan were each charged with 62 counts of conspiring to "front run" the orders of the institutional clients of UBS, and two counts of operating a deception on the relevant stockbroking firms, in their use of the accounts of Wong's mother. On 11 March 2011, both Wong and Fan pleaded guilty to 21 charges. They have been fined $70,000 and $50,000 respectively. The remaining charges were taken into consideration for the purposes of sentencing. At the time of printing, the prosecution's appeal against the sentences is pending.

PP v Soon Bock Kiat

Soon Bock Kiat devised a scheme to obtain funds in May 2004 when his gambling losses started to pile up. Persons who invested with him were guaranteed a 20% return on a weekly basis. He claimed that these high returns were generated from an oil investment. Over time, he increased the promised returns, even to 300% over a holding period of a few days. By December 2007, eight persons had invested $415,751.74.

Soon also offered a high-paying personal assistant job, with a 'trust test' pre-requisite. Applicants had to raise a specified sum of money, which he promised to return within a month.

THE NEW PAPER Tuesday, 27 April 2010

Top grad turns serial gambler

He cheated victims of nearly $1.5 million to pay off debts, maintain gambling habits

REPORT: **ARUL JOHN**
anathan@sph.com.sg

HE WAS a first-class honours accountancy graduate.
His academic performance even earned him a commendation from the dean of Nanyang Technological University's accountancy and business school.
After graduating from university in 1996, Soon Bock Kiat, 37, worked in some high-paying jobs and eventually became a director in World Business Group, a firm that distributed healthcare products.
All that came crashing down on April 8, when he was sentenced to five years' jail after pleading guilty to seven charges of cheating and two of not informing people that he was an undischarged bankrupt when he borrowed money from them.
Nineteen other charges were taken into consideration.
The reason for his predicament: The one-time high-flyer was a "closet" gambler and had resorted to borrowing and a life of crime to feed his addiction.
Soon became an addict after he won $200,000 in 4D soon after he graduated. Thinking Lady Luck would continue to smile on him after that first win, Soon started gambling on 4D, football pools and at casinos.
But his luck did not hold out.
To pay off his debts, Soon made bigger bets and began borrowing from friends and moneylenders.
He borrowed several hundred thousand dollars from his family and even borrowed $300,000 from his mother-in-law.
Within four years after that windfall, Soon was betting up to $40,000 on 4D each time and $20,000 on football.
Soon kept details of whom he owed money to on an Excel spreadsheet and did his best to clear off each debt.
But he was soon finding it hard to pay off his creditors.
In February 2005, Soon was declared a bankrupt.
Soon after that, he borrowed $20,000 from graphic consultant Lee Wee Yen and nearly $737,000 from real estate investor Dennis Yow.
He never told them he was a bankrupt when he borrowed the money from them.

THROWN AWAY: Soon Bock Kiat threw away a first-class honours and a good job because of his gambling addiction.

He persuaded them to invest in false investment schemes called Lobang schemes, which he claimed could yield returns of between 15 per cent and 200 per cent.
He said their money would be invested through his friend and there were two schemes available.
But Soon never told the victims who his friend was or how their money would be invested.
Ms Lee gave Soon $68,100 to invest in the schemes.
Mr Lee gave him more than $131,000. Mr Wong gave $49,700 to invest and $6,000 to donate to charity.
In 2007, Soon met Chen Yiferg, a 24-year-old consultant, and offered her a job as a personal assistant, on condition that she raised money for him first as a sort of "trust test".
He promised to return the money to her within a short time.
Believing his job offer, she gave Soon $136,000.
Soon used this scam on nine other victims.
The money Soon's victims and colleagues gave him was used to pay off some debts or for more gambling.
In March 2008, he admitted his gambling addiction to his wife and family.
He was then treated by psychiatrist Tommy Tan, who diagnosed him to be suffering from pathological gambling.
With the help of his wife, medication and counselling, Soon managed to stay clear of gambling by August 2008.
He then started repaying his victims, but he owed too much for him to be able to pay up.
Mr Wong lodged a police report when he realised that Soon had cheated him.
The Commercial Affairs Department started investigating him around March last year.
In all, he repaid his victims only about $324,000 of the nearly $1.5 million he cheated them of or borrowed from them.
Soon's lawyer, Mr Tito Isaac, told the court his client was remorseful for what he had done and had co-operated with the authorities.
Mr Isaac told The New Paper Soon's wife was still distraught by what her husband had done.
Neither she nor Soon's younger brother were in court when District Judge Toh Yung Cheong passed sentence.
The New Paper visited Soon's home but was unable to speak to his wife.
A spokesman for the Direct Sales Association Singapore said World Business Group had closed down.

PHOTO ILLUSTRATION

$1.5m

Between September and December 2007, six persons handed $317,700 to Soon in the hope of clinching the job.

Both the oil investment and the job were fictitious, dreamt up by Soon to raise funds for his mounting debts and to feed his gambling addiction. In need of still more money, Soon also concealed his bankruptcy status and approached six persons for loans amounting to $787,970.

On 8 April 2010, Soon was sentenced to five years' imprisonment on seven counts of cheating and two counts of obtaining credit as a bankrupt, with 19 other charges taken into consideration.

PP v Chua Kok Wan and Chua Yeow Wan

In early 2007, The Hong Kong and Shanghai Banking Corporation Ltd (HSBC) was approached by Dubai Drydocks World LLC to provide financing in relation to the proposed general offer for the shares of both Pan-United Marine Ltd and Labroy Marine Ltd. Chua Kok Wan, then a Senior Vice President of HSBC, was privy to this information due to his involvement in both matters.

On 19 November 2010, Chua Kok Wan was prosecuted for trading in the shares of Pan-United Marine and Labroy Marine whilst in possession of confidential

price-sensitive information regarding the general offer for both counters, and using his mother's trading account to conduct his own trades. He also faced a charge of tipping off his brother, Chua Yeow Wan, on the proposed take-over of Pan-United Marine. Chua Yeow Wan himself was prosecuted for trading in Pan-United Marine shares after being tipped off.

Chua Yeow Wan, then the Vice President of ABN Amro Bank N.V. was also prosecuted for trading in the shares of another company, KLW Holdings Ltd, whilst in possession of price-sensitive information relating to the projected financial results of KLW for financial year 2007.

On 24 March 2011, both Chua Kok Wan and Chua Yeow Wan pleaded guilty to two charges and four charges and were fined $150,000 and $260,000 respectively. The remaining charges were taken into consideration for the purposes of sentencing.

PP v Loo Kiah Heng and Soh Tze Kuan

Soh Tze Kuan was a Senior Fund Manager at ING Investment Management Asia Pacific (Singapore) Ltd. He was in charge of managing an institutional fund owned by Singapore Anti-Tuberculosis Association (SATA) and had full discretion over all investment decisions for all equities for this fund. He conspired with his acquaintance Loo Kiah Heng to defraud SATA.

Between April 2005 and January 2007, Soh crossed trading orders for SATA with Loo's orders in married trades such that SATA would either sell shares to Loo at a price lower than the prevailing market price, or buy shares from Loo at a price higher than the prevailing price. Generally, prior to each married trade, Loo would have taken the opposite position in the market at the prevailing market price. The married trades then allowed him to close his position at a profit. The total profit made from 37 married trades, involving the shares of some 28 companies, was $842,353.51.

Loo was sentenced to a total of four months' imprisonment for conspiring with Soh to operate a fraud on SATA. The court also ordered that his profits of $842,353.51 be paid to SATA. Given Soh's abuse of his position, he was sentenced to a total of eight months' imprisonment.

Not Quite Sunshine and Roses

"If it is too good to be true, it most probably is." Unfortunately, many failed to heed this time-worn adage when they decided to participate in the scheme offered by Sunshine Empire Pte Ltd.

Sunshine rolled out its lifestyle packages in August 2006. Membership with Sunshine could be obtained with a mere $40. From there, one would be eligible to purchase the merchant and prime packages offered by Sunshine. These packages contained Mall Points which could be used to purchase products on an e-commerce or e-Mall platform. Another component of these packages was Emcall talk time, which was a call back service that could supposedly help users reduce handphone bills by converting outgoing calls into incoming calls.

However, the main allure of the scheme lay elsewhere. Each prime package (Bronze, Silver or Gold) holder was eligible to receive Consumer Rebate Privileges (CRP). Sunshine defined CRP as its "return to you from the profits derived from overall consumption generated on the e-Mall Platform". CRP would be paid on a monthly basis until the cumulative amount reached a specified limit. For a Gold prime package selling at $12,000, the limit was $19,200. There was also a Consumer Loyalty Privilege (CLP) component which would be available after CRP was fully paid out. A member with a Gold prime package stood to receive up to $96,000 in CLP.

Between August 2006 and October 2007, Sunshine's sales amounted to $197 million with Gold prime packages constituting 88% of all prime packages sold. Gold prime packages offered the highest return in terms of CRP. Many of the prime package holders interviewed by investigators had no idea what they were buying. Some had bought packages because they had seen others profiting from theirs. Some were misled into believing that CRP was derived from profits arising from overseas projects. Others noted the representation that CRP was derived from the profits of the e-Mall platform. Sunshine marketing materials contained a caveat that CRP and CLP were not guaranteed and the amount may vary from month to month. But what many prime package holders shared was a common belief that "if I purchase a Gold prime package for $12,000, I stand to receive $19,200 in returns in about 15

THE STRAITS TIMES Wednesday, 4 February 2009

James Phang, who once claimed to be better than Warren Buffett, stands accused of running a Ponzi-like scheme involving millions of dollars raised from the public. ST PHOTO: LIM WUI LIANG

MLM firm offered hefty rebates

JAMES Phang was in the news back in October 2007 after his multilevel marketing firm Sunshine Empire was placed on alert lists by the authorities both here and in Malaysia.

By then, Sunshine had attracted more than 20,000 people here keen to make fast money. The business was launched in July 2006.

In an earlier interview with The Straits Times, Phang had claimed to be "a legend" and "better than Warren Buffett", the US billionaire investing guru.

Under Sunshine's scheme, people usually put down $12,000 to purchase its "gold plan" which was said to involve the trading of online goods, such as health supplements and lingerie.

The plan offered non-guaranteed but hefty cash rebates.

The Commercial Affairs Department (CAD) launched a probe after concerns arose that participants were pocketing large rebates without ever trading goods and that Sunshine was acting purely as an investment fund without authority.

Monthly cash rebates to participants ceased after the CAD commenced formal investigations in November 2007.

Participants were then offered an option by their "upline" – the person who recruited them to Sunshine – to cancel their accounts in Singapore and transfer them to a Hong Kong company, EmMax.

Those who did were told to expect monthly cash rebates to resume after six months. A check yesterday with some participants found that those who transferred their accounts have not received any cash rebates.

When The Straits Times visited Toa Payoh HDB Hub yesterday, the names of Sunshine and its affiliates were still on the seventh-floor lift entrance. However, the offices were vacant, except for two workmen, and the interior had been stripped almost bare.

Jackie Hoo, the other key figure in Sunshine, faces 10 charges including running a fraudulent business. ST PHOTO: LIM WUI LIANG

Neo Kuon Huay, Phang's wife, was charged with falsifying accounts. PHOTO: LIANHE ZAOBAO

Yong Wai Hong was accused of making false declarations. ST PHOTO: LIM WUI LIANG

Sunshine Empire chief on 20 charges

months". This belief was reinforced by the fact that between August 2006 and October 2007, $1,125.20 to $1,308.50 in CRP was paid to holders of Gold prime packages each month.

Several characteristics of Sunshine's business were of concern and eventually formed the basis for fraud charges against Sunshine's consultant Phang Wah and Sunshine's director Jackie Hoo Choon Cheat.

The revenue of Sunshine was primarily derived from the sale of merchant and prime lifestyle packages. Sunshine did not have substantial income generating investments. Certainly, sales on the e-Mall platform generated no additional income for Sunshine. The reality was incongruent with the concept of CRP marketed by Sunshine. Instead, CRP paid to earlier participants came almost entirely from the sale of more lifestyle packages.

Furthermore, it appeared that for every category of prime package, the value of Emcall talk time and Mall Points, was far less than the package price paid, reinforcing the point that the main reason for buying the packages was to receive CRP. CRP was being paid out at high levels to attract more buyers of prime packages. But, Sunshine would have to sell exponentially more packages with each passing month to sustain CRP at these levels. The prosecution's case was that it was simple logic that the business would collapse on itself eventually.

In November 2010, Phang and Hoo were found guilty of carrying on business for a fraudulent purpose. Both of them were also found guilty of a conspiracy to misappropriate $947,904 from Sunshine over eight occasions. The moneys were paid as commissions to Phang's wife, Neo Kuon Huay, although she was not entitled. Phang and Neo were also found to have falsely entered the recipient of the commissions on six Sunshine payment vouchers as Phang instead of Neo. This was to reduce Neo's income in a bid to defraud the tax authority.

Phang was sentenced to nine years' imprisonment and fined $60,000. Hoo was sentenced to seven years' imprisonment and Neo was sentenced to a fine amounting to $60,000. Their cases are pending appeal at the time of printing. Separately, Yong Wai Hong, a director of several companies linked to Sunshine was prosecuted for falsely declaring the share capital of these companies. He was fined $24,000.

Be Careful with What You Say, or Don't Say

THE NEW PAPER Saturday, 15 May 2010

Court extends ban on Airocean's ex-director

By Jonathan Kwok

A COURT has sent out a stern reminder to company directors to discharge their responsibilities properly.

Appeals Court judge V.K. Rajah yesterday extended to two years a ban that prohibits former Airocean director Ong Chow Hong from acting as a company director – from the one year imposed by a district court last August.

Mr Ong, 70, who used to be non-executive chairman and audit committee chairman of the now-delisted air cargo firm, pleaded guilty last year to a charge of failing to use reasonable diligence in discharging his duties as an Airocean independent director.

He had approved the release of an announcement to the Singapore Exchange (SGX) in 2005 without having read it. The statement in question has been flagged by Singapore's prosecutors as being misleading.

In response to a report in The Straits Times on Nov 25, 2005, that then-CEO Thomas Tay was under a Corrupt Practices Investigation Bureau probe, Airocean's board had told the SGX that the investigation was related to other companies' practices, and that Mr Tay was not implicated. But Mr Tay was subsequently charged, and found guilty of attempted bribery.

tors Ong Seow Yong and Peter Madhavan and ex-chief operating officer Johnson Chong have been charged with making the "misleading" statement. Their trial resumes in August.

As for Mr Ong Chow Hong, he had, on the morning of Nov 25, told Airocean's company secretary that he would agree to the announcement being issued as long as Mr Madhavan, a qualified lawyer, approved it after working it through with the firm's legal advisers.

Mr Ong had to attend a golf event held by the Aljunied Town Council where he was also audit committee chairman. Thus he did not read the announcement before it was released at about 8pm that day.

After Mr Ong pleaded guilty to failing to discharge his duties and paid his $4,000 fine, he decided to appeal against the one-year ban period, and was granted a stay pending the appeal.

Justice Rajah yesterday dismissed his appeal and doubled the ban term, noting that he could have vetted the announcement after his golf event.

The judge said: "Every director has to ensure that he discharges his responsibilities with due diligence in all pertinent matters... The courts will not be slow to disqualify directors for substantial periods of time if and when it is established that there have been serious lapses in the discharge of their responsi-

In 2005, Airocean Group Limited was the holding company of an aircargo logistics group listed on the Singapore Exchange (SGX). On 6 September 2005, Airocean's Chief Executive Officer and Executive Director, Thomas Tay Nguen Cheong and two Airocean staff were taken to the Corrupt Practices Investigation Bureau (CPIB) for questioning. CPIB wanted to know whether Tay had offered bribes in relation to two transactions involving Airocean subsidiaries.

Tay admitted to CPIB officers that he had instructed his staff to inform Chooi Yee Choong of Jetstar Asia that "if he (Chooi) helps us, we will help him in future." On that same day, Airocean's Chief Operating Officer and Executive Director, Johnson Chong Keng Ban and independent director Peter Madhavan came to know of the CPIB investigation. Madhavan is a practising lawyer and was then a partner in the law firm Peter Madhavan Partnership.

No one could have foretold then that subsequent events would culminate in five of Airocean's six directors being prosecuted for offences ranging from consenting to a misleading statement by Airocean to that of breach of director's duties.

The Singapore Exchange Ltd (SGX) requires listed companies to disclose material events, and this requirement is also embedded in the Securities and Futures Act (SFA). So on 7 September 2005 morning, with Tay still at CPIB, Chong called for a board meeting. But at such short notice, he only managed to meet with Madhavan, independent director Ong Seow Yong and Director of Finance Doris Koh. They decided to seek legal advice as to whether Airocean had to make any announcement in relation to the CPIB investigation and thus engaged Messrs Tan, Rajah & Cheah.

That night, Tay was arrested under the Prevention of Corruption Act. He was released on bail, but his passport was impounded. Madhavan and Chong rushed to his house when they heard of his release. According to Tay, he told them that he was released on bail and showed them his bail bond form.

The next day, Airocean directors Tay, Chong, Madhavan, Ong Seow Yong and non-executive Chairman/independent director Ong Chow Hong held an urgent Board meeting to discuss how to deal with the situation. Board minutes recorded the decision that "As far as the Board of Directors is concern[ed], technically no action needs to be taken".

For the next couple of months, Airocean remained silent on the matter. Although lawyers from Messrs Tan, Rajah & Cheah spoke with Tay and the Airocean staff to hear their version of events, no written advice was received during this time whether Airocean should make a disclosure.

Then on 25 November 2005, an article headlined "Airocean's Chief Executive Thomas Tay under CPIB probe" appeared in the Straits Times. SGX immediately demanded an explanation from Airocean and imposed a trading halt on Airocean's shares. That evening, Airocean released an announcement "Clarification of Straits Times article on 25 November 2005". The trading halt on Airocean shares was lifted.

The announcement had been approved by Madhavan, Chong, Tay and Ong Seow Yong. Ong Chow Hong had not seen the announcement as he was otherwise engaged, but said that "he would agree to any announcement issued by [Airocean] if [Madhavan] approved of it."

This announcement said that the CPIB investigation was "with regard to the practices of some other companies in the Aircargo Industry". The prosecution would later contend in court that the announcement lent no clarity to the situation and, in fact, gave the misleading impression that neither Airocean, its subsidiaries, nor Tay was involved.

As it was, the announcement failed to satisfy SGX. Over the next one week, there were further queries, and a trading halt was re-imposed. A further announcement was made on 1 December 2005 that Tay's quote in news articles that "his interview with CPIB was incidental" was inaccurate. The announcement also stated that Airocean was not aware of any conclusion to the CPIB investigation. It was around this period that Messrs Tan, Rajah & Cheah sent written advice to Airocean that there was no need to disclose the CPIB investigation.

But on 2 December 2005, Airocean made an unequivocal statement that Tay and three staff had been interviewed by CPIB in September 2005 concerning two transactions involving Airocean subsidiaries. The trading halt on Airocean shares was then lifted.

In October 2006, Tay was fined $240,000 for consenting to Airocean's breach of disclosure requirements under the SFA, and for disseminating false information in relation to his role in the CPIB investigation. Another three charges in relation to disseminating false information in journalist interviews and consenting to the misleading 25 November 2005 announcement were taken into consideration for sentencing purposes.

In 2009, Ong Chow Hong was fined $4,000 for breaching his director's duties by approving the release of the 25 November 2005 announcement without having sight or knowledge of its contents. He has also been disqualified from acting as a director for 24 months from 14 May 2010.

In January 2011, after a lengthy trial, Madhavan, Chong and Ong Seow Yong were found to have consented to Airocean making a false public announcement on 25 November 2005 which was likely to have the effect of stabilising the market price of Airocean's shares.

Madhavan and Chong were also found guilty of breaching the SFA disclosure requirements despite their contention that they had relied on legal advice from Messrs Tan, Rajah & Cheah that no disclosure was required. The judge noted that the written advice was only provided after the 25 November 2005 announcement and there was no record of oral advice provided prior to that.

The judge also stated that even if legal advice was relied on, the final responsibility to decide whether to make an announcement still rested with the directors. He agreed with prosecution that the directors had the necessary information in relation to the CPIB investigation and could not rely on legal advice as a justification for their breach of the law.

Chong was also found guilty of insider trading as he had sold 2,015,000 Airocean shares in his mother's account between 26 and 28 September 2005, when Tay's involvement in CPIB investigation and the impounding of his passport, was still not public. Madhavan received a four-month imprisonment term and a fine of $120,000. Chong was sentenced to four months' imprisonment and fined $280,000.

Both have been disqualified from holding company directorships for five years. Ong Seow Yong was fined $170,000 and similarly disqualified from holding company directorships for two years. At the time of printing, the cases for these three persons are pending appeal.

NOTES OF APPRECIATION

"I am very impressed by the swift and sharp action taken by your unit and must say that Singapore Police fully lives up to its well-known reputation of being astute and very efficient."

Complainant / Victim
9 April 2010

"I would like to express my sincere appreciation for the superb work done in planning, coordinating and supporting the 2010 APG Annual Meeting at the Suntec Singapore, International Convention & Exhibition Centre in Singapore from 12 to 16 July 2010."

APG Executive Secretary
9 August 2010

"I hereby would like to thank you very much for your valuable time in assisting me to deal with my case. Thank you very much for your kind attention."

Complainant / Victim
14 February 2011

"We wish to specially thank the IO on his sterling efforts and tenacity in the case. His focus and mature approach was exemplary. He also conducted himself in a very professional yet friendly manner, which reflects well on the part of the Singapore Police."

Complainant / Victim
15 June 2010

"I am writing to express my sincere thanks to you for the assistance provided by the Commercial Affairs Department of the Singapore Police Force during the recent interviews carried out for the current ongoing prosecution."

Complainant
20 December 2010

"Thank you very much for your positive email, and I must say, I am really impressed with the prompt action taken… Lots of appreciation and well done from Denmark to the Singapore Police Force!"

Complainant / Victim
8 March 2011

"I have received your notification letter dated 04 Aug 2010 and would sincerely like to thank CAD, particularly yourself for the tremendous efforts in bringing a true and fair conclusion to the above case."

Complainant
20 July 2010

"We wish to place on record our deep appreciation to the IO in the protracted investigation leading to successful prosecution of one of our former employees for offences under the Banking Act (Chapter 19), Computer Misuse Act (Chapter 50A) and the Penal Code (Chapter 224)."

Complainant / Victim
30 March 2011

Acknowledgments

The Commercial Affairs Department is grateful to the contributors and to all who have helped in one way or another to make this annual report possible. We would like to thank Singapore Press Holdings for the use of the newspaper articles from The Straits Times and The New Paper which have been reproduced in this report. We would also like to thank the Public Affairs Department, Singapore Police Force, for their invaluable advice and assistance.

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